SENATE—*Wednesday, July 14, 1993*

(Legislative day of Wednesday, June 30, 1993)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by the Honorable BYRON L. DORGAN, a Senator from the State of North Dakota.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray:

In a moment of silence, let us remember Mildred Thorpe. She works in the carryout restaurant in the basement of this building. She is in a coma in the Baltimore Trauma Center, having had brain surgery because of an automobile accident.

*Blessed is the nation whose God is the Lord * * * .*—Psalm 33:12.

God of creation, Lord of history, Ruler of the nations, as the celebration of independence and liberty lingers fresh in our memories, we celebrate the faith that inspired our Founding Fathers and generated the political system which has made us the greatest nation in the world. We recognize that the Founders of our country were not saints, any more than we are; they were sinners like us. But they believed in a God of love Who promised redemption and forgiveness of sin.

Their faith fueled their courage to demand independence and to establish a government that would secure the liberties endowed by Thee. In their fight for freedom and their struggle for nationhood, they looked to Thee in the conviction that, without Thee, their struggle would be futile.

In these critical days, so loaded with opportunity and peril, grant to our leadership the vision and the faith which motivated and sustained our Founding Fathers.

We pray in His name in Whom they trusted for life and light. Amen.

APPOINTMENT OF THE ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore [Mr. BYRD].

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC., July 14, 1993.

To the Senate:

Under the provisions of rule 1, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable BYRON L. DORGAN, a Senator from the State of North Dakota, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

Mr. DORGAN thereupon assumed the chair as Acting President pro tempore.

RESERVATION OF LEADERSHIP TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 10:30 a.m. with Senators permitted to speak therein for not to exceed 5 minutes each. The first hour will be under the control of the Senator from Wyoming [Mr. WALLOP] or his designee. The Senator from Utah [Mr. BENNETT] also has 30 minutes reserved.

Mr. WALLOP. Mr. President, I would yield 5 minutes to the Senator from Arizona.

The ACTING PRESIDENT pro tempore. The Chair recognizes the Senator from Arizona [Mr. MCCAIN].

Mr. MCCAIN. Mr. President, I thank my friend from Wyoming.

TERRORIST ACTIVITIES IN NICARAGUA

Mr. MCCAIN. Mr. President, first of all, I would like to make some remarks about the story that is on the front page of the Washington Post this morning. It concerns the explosion in Managua which revealed caches of arms, ammunition, surface-to-air missiles, and information concerning terrorism and kidnaping orchestrated and carried out from Nicaragua: that is, the Sandinistas, for many years.

Mr. President, those of us who have followed these issues were not surprised at the activities, although I am certainly surprised at the apparent scope of the activities, that the Sandinistas have been involved in.

Most of us foresaw that this could happen when Mrs. Chamorro decided to retain Humberto Ortega as the chief of the defense forces of Nicaragua following her election. Facts are facts, Mr. President, and the fact is that the Sandinistas are continuing to export terror and subversion throughout Central America, throughout the world, posing an incredible danger to the lives of millions of innocent people as evidenced by the uncovered stockpile of surface-to-air missiles.

Mr. President, today the United States of America should stop all aid and assistance to Nicaragua until such time as a thorough and complete investigation has been conducted, those who are guilty of these heinous crimes are brought to trial and we can be assured that this spread of terrorism is stopped and is stopped completely. We cannot allow this to continue.

Mr. President, the details of these terrorist activities on the part of the Sandinistas are documented in the Washington Post story. More will be coming out, including more about the passports from Nicaragua that were connected with the bombing of the World Trade Center.

Mr. President, stop the aid today. Let us have an investigation. Let us see that this kind of outrageous terrorism is stopped.

Those of us, who supported freedom and democracy and aid to the Contras are again vindicated by the clear record of what the Sandinistas were doing with the help of Cuba and others. Recent events are an indication that the subversion continues.

I am sorry to say that none of this comes as much of a surprise to me. I have always been proud of my support for freedom in Nicaragua generally, and my past support for President Chamorro specifically. To my deep disappointment, the prospect for freedom in Nicaragua—so vivid on the day of President Chamorro's inauguration—has been squandered completely by her Government, led by Minister Antonio Lacayo, as it ceded all of its real authority to the Sandinistas for the honor of serving as a figleaf.

It is inconceivable that the kind of terrorism activities operating out of Managua could have done so without the knowledge and active cooperation of the Sandinistas who control the Army, the National Police and the intelligence services of Nicaragua. More disturbing, is the increasing suspicion that some officials of the Chamorro government must know that Nicaragua is still being used as a center to destabilize its neighboring countries, and to facilitate the murderous ambitions of some of the world's most cruelest terrorists.

In recent months hundreds of former Nicaraguan freedom fighters have been murdered. The Sandinistas have continued plundering the country

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

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unabated by the elected Government. Old crimes and new have gone unpunished. And Nicaraguan fingerprints have continued to appear on some of the most extreme episodes of terrorism in the world. This includes the Nicaraguan passports which were issued to some of the terrorists implicated in the bombing of the World Trade Center in New York last February.

Because of this depressing evidence that the democratic revolution in Nicaragua has been crushed by the continued Sandinista tyranny, I and several other colleagues have called for a cessation of United States assistance to that country. Our concerns have been if not dismissed, then underappreciated by the Clinton administration. I would hope that with this new compelling evidence, the administration would recognize that continued support of the Nicaraguan Government is the worst thing we could do if we are truly interested in rescuing the democratic aspirations of the people of Nicaragua.

Again, I strongly urge the administration to freeze all further assistance to the Government of Nicaragua until such time that an international body has investigated fully the crimes that have been revealed by this recent explosion. We cannot rely on the Nicaraguan Government to conduct a fair and thorough investigation because the implications of that investigation may very well cause the downfall of some leading officials of that Government. I would also urge that our own Federal Bureau of Investigation be involved in this effort.

The American people would be hard pressed to understand how the U.S Government could continue supporting a government which poses a direct threat to the security of other nations in this hemisphere including our own. By taking this first necessary step, we can begin to rescue the democratic revolution which the people of Nicaragua thought they had achieved when three years ago they elected Violeta Chamorro to save them from the tyranny of the Sandinistas.

THE HISTORY OF BUDGET SUMMITS

Mr. McCAIN. Mr. President, my constituents continue to deluge me with complaints about the proposed budget agreement that's soon to be voted on. I have no doubt that there will be a tax-and-spend package passed by the Congress of the United States. I should remind my colleagues what has happened in budget summits in the past.

Mr. President, in 1982, when Ronald Reagan and Tip O'Neill put their arms around each other and there was a promise of $3 of spending cuts for every dollar in increased taxes, the target for the deficit was $104 billion. In 1983, it actually ended up to be $208 billion.

Mr. President, in 1984, we had another budget summit. The deficit in 1984 was $185 billion; the deficit target was $181 billion. The deficit turned out to be $212 billion.

We did it again in 1985. The fiscal year 1985 deficit was $212 billion; the target was $150 billion. What did we end up with? A $221 billion deficit. In 1987, we did it again. The fiscal year 1987 deficit was $150 billion; the target was $144 billion. And we ended up with a $155 billion deficit.

Again, and again, and again. This is why the American people are so cynical, Mr. President.

In the 1989 budget summit, the deficit was $152 billion; the target was $100 billion. And the actual FY 1990 budget deficit was $220 billion.

Then, Mr. President, there was the 1990 budget summit agreement. The 1990 budget summit promised a $527 billion deficit. The CBO projection for the deficit is now $1.4 trillion.

Mr. President, we are about to do it again. And how are we doing it? We are promising the American people spending cuts. We are enacting tax increases. And the fact is the spending cuts never take place and the tax increases go into effect. The spending is not only not cut but it is dramatically increased. We are doing it again. As one of my colleagues in the House said the other day, there will be no reduction in the deficit next year or the year after or the year after that.

The American people know it and that is why they reject it.

Finally, Mr. President, I would like to end with the words of a well-know member of the White House staff, Mr. Gergen. Mr. Gergen, on March 8, 1993 said:

> But the White House's own figures reveal two sobering problems that cannot be wished away. Under the President's plan, Federal spending will continue to mushroom, growing from $1.5 trillion in 1993 to $1.8 trillion in 1998. Moreover, the deficit will only drop from the $319 billion now scheduled for 1993 and $241 billion in 1998—less than $80 billion. And that is before Washington starts cheating on the agreement, as it has done in every budget agreement since 1982. Is this the best we can do?

Mr. President, is this the best we can do? I do not think so, nor did Mr. Gergen before he changed employers. For my colleagues' information I ask that a summary of the history of failed budget summits be included in the RECORD.

There being no objection, the history was ordered to be printed in the RECORD, as follows:

THE LESSONS OF HISTORY—THE FAILED BUDGET SUMMITS FROM 1982 TO 1990

It has often been said that those who do not heed the mistakes of the past are doomed to repeat them. Well, as the estimable wordsmith Yogi Berra noted, "its like deja vu all over again." Because if recent history has told us anything, it is that promises of spending cuts and deficit reductions rarely, if ever, materialize.

On six occasions within a decade, Congress agreed to combinations of large tax hikes and promised spending cuts in order to reduce the deficit. In each instance the result was the same—increased tax burdens, more government spending and ever larger deficits. It is inevitable that the Clinton budget plan that will be considered by the conferees later this week will have the same result.

1982

Most budget summits take place during periods of fiscal crises of one kind or another. In this case, interest rates were extraordinarily high and unemployment remained problematic as the severe 1980–82 recession dragged on. The plan adopted by Congress called for $98 billion in tax increases and $31 billion in promised spending cuts. Just a year later, however, the projected deficit target of $104 billion had doubled to $208 billion. Rather than being cut, spending actually increased by $106.8 billion (in real terms) over three years.

1984

Encore to the previous deal. The new three year plan provided for $49 billion in tax hikes and promised to reduce spending by $150 billion. Again, the promised targets were not achieved—the 1985 deficit was $31 billion more than planned and real spending was $60 billion more than the previous year.

1985

Watershed year in which Gramm-Rudman-Hollings was enacted. Prior to passage of GRH, another budget accord was reached to reduce the deficit to $150 billion with $52 billion in defense, Social Security and other domestic program cuts. Real spending actually increased $24 billion in 1986 and the deficit rose to a new record of $221 billion.

1987

The prospect of $23 billion of automatic across the board spending cuts as required by GRH and the 1987 stock market crash provided the impetus for yet another budget summit. This time around, Congress said it would increase taxes by $28 billion and reduce spending by $49 billion, thereby reducing the deficit by $77 billion. Instead, the deficit rose by $5.4 billion and $11 billion during the next two years and spending increased by $15.8 billion and $22.4 billion, respectively.

1989

In the face of an automatic sequester of $16 billion under the revised GRH targets, the White House and Congress agreed to cut $28 billion from the 1990 deficit—evenly split between tax increases and spending cuts. The proposed deficit target for 1990 under this agreement was $99 billion. However, real spending actually rose $37 billion the next year and the deficit ballooned to $220 billion.

1990

The granddaddy of budget summits (and the downfall of George Bush). After intense negotiations between the Administration and Congressional leaders, OBRA was passed which promised $500 billion in total deficit reduction over 5 years. This package included $164 billion in new taxes and promised $336 billion in spending cuts (a ratio of $2 in spending cuts for every dollar in tax increases). While fixed deficit targets were conveniently eliminated as being too onerous, the cumulative deficit of 1991–95 was to total $527 billion. CBO now estimates a five year total deficit of $1.4 trillion, or $875 billion more than was promised.

Given this less than distinguished track record, it is not at all surprising that the American public is less than convinced that

Congress "really means it this time." The constituents I have talked to have indicated a willingness to make "sacrifices" to reduce the deficit—but not to support more taxes and more government spending. Their message to me, to Congress, is to cut spending first. Promises of spending cuts some time in the distant future simply do not cut the mustard.

What is truly amazing are the parallels between the 1990 budget summit and this year's version of Let's Make a Deal. The 1990 budget agreement promised $500 billion in deficit reduction—so does the Clinton plan. The 1990 budget agreement included a record tax increase—so does the Clinton plan, easily surpassing the 1990 tax hike. The 1990 agreement promised to reduce spending—so does the Clinton plan. The 1990 agreement avoided fixed deficit targets and enforceable spending reduction mechanisms—the same is true with the Clinton plan. (The one significant difference between the 1990 agreement and the Clinton plan is that the 1990 deal was weighted much more toward spending cuts, while the Clinton plan is weighted much more toward tax increases.) We know the results of the 1990 deal—higher taxes, more spending and a bigger deficit—and it is all too easy to predict the outcome of the latest deal.

The lessons of history are painfully clear. Tax increases combined with promised future spending cuts have not reduced, and will not reduce, the deficit. While the new taxes are imposed immediately, the promised spending cuts are ignored or are more than offset by new federal spending. This is a cycle we have seen repeated time and again.

This is not a formula for fiscal prosperity, it is a formula for financial disaster with slower growth, higher unemployment, and ever higher levels of national debt. It is well recognized that no nation in modern history has taxed its way to prosperity. We will not be the first to do so. I hope that the Administration will stop reading fiction novels, and instead learn something from the history books.

The Clinton budget plan should be rejected and we should start from scratch to work out a bipartisan plan that will cut government spending, provide incentives for savings and investment, and eliminate the budget deficit.

In this regard, I would note the admonition of an astute Washington commentator:

"The White House's own figures reveal two sobering problems than cannot be wished away. Under the President's current plan, federal spending will continue to mushroom, growing from $1.5 trillion in 1993 to $1.8 trillion in 1998. Moreover, the deficit will only drop from the $319 billion now scheduled for 1993 to $241 billion in 1998—less than $80 billion. And that's before Washington starts cheating on the agreement, as it has done in every budget agreement since 1982. Is this the best we can do?"

The writer of this cogent analysis is none other than the President's new right and left hand man, David Gergen. And he's exactly right—we can do better.

Mr. WALLOP. Mr. President, I yield 7 minutes to the Senator from Oregon.

The ACTING PRESIDENT pro tempore. The Senator from Oregon [Mr. PACKWOOD] is recognized for 7 minutes.

Mr. PACKWOOD. Mr. President, I thank my good friend from Wyoming.

THE HOUSE-SENATE BUDGET SUMMIT NEGOTIATIONS

Mr. PACKWOOD. Mr. President, we will start tomorrow the negotiations between the House and the Senate on the budget summit.

So far, the Republicans have not been a part of the negotiations at the request of the Democrats. We have not been involved in the technical drafting sessions and, frankly, understandably. I give the Democrats credit on this for good faith in the sense that they want to do the bill by themselves. They do not want our input, and they have indicated that from the start. And there has been no crossing or no line. They want to do it themselves.

I am delighted to let them do a bill that is going to be $6 in taxes to $1 in spending, if it is the House bill; and $3.50 in taxes to $1 in spending, if it is the Senate bill. Spending cuts in the Senate bill—usually in conferences between the House and the Senate, we split the difference. So I am going to take a guess. Their bill, when it is finally done—I think the Democrats will have it done before the August recess—will have about $4.50 in new taxes for every $1 of spending cuts in the bill itself. I am going to emphasize the difference when I say "in the bill itself."

The taxes are real. They are now, they are here, and all permanent. Some of them are going to be retroactive, and we will be collecting them for past months, maybe years. The taxes will be around $260 billion to $280 billion over 5 years. The spending cuts, in my judgment, will be around $60 billion, almost all of it in Medicare and Medicaid over the 5 years.

Then there will be a promise in the bill of further spending cuts and a claim of a cap on spending that will automatically be enforced if we go over the cap, except if we declare in subsequent legislation that we want to go over the cap. Then we do. That is what we have always done in the past.

I want to alert the Congress however to perhaps the most dangerous new fact that has come out. About 10 days or maybe 2 weeks ago, the Bureau of National Affairs, which is one of the very good, excellent specialty trade reports, indicated that the Office of Management and Budget was now predicting that if we do nothing—if we do not pass any bill at all—there will be about $100 billion greater in interest savings than we otherwise would get. The bill itself, if we pass it, projects $55 billion in interest savings. But this is, if we do nothing, $100 billion, and it is permanent, on the lower interest rates.

What the Government is doing is taking long-term Treasury bonds as they become due, with a relatively higher interest rate, and rolling them over into short-term bonds with lower interest rates, and going on the assumption that the interest rates are going to remain low when these short-term bonds become due. Therefore, we are going to save about $100 billion.

This money, if we save it, could be used for deficit reduction. But I was struck by something—I think it was in an interview with Dan Rather that the President had in Tokyo in which he was asked about a particular program. He said that our projections are that we are going to have greater interest savings than we thought, so we can spend that money on this particular program.

At the time he said that, I had not read the Bureau of National Affairs report. I wondered what these extra interest savings were that he was talking about. Now I realize what it is. It is the hope that interest rates will remain low for the next 5 years, and you can count on very low interest rates on your bonds in comparison to the bonds that are now becoming due. Well, first, that is about as chancy a guess as to whether or not we are going to have savings as you can have. What are the interest rates going to be in 2, 3, 4, or 5 years? Because if they go up, the savings are not only illusory, we do not get them. If they go up, and if we have committed already the spending of the savings to other programs, you have a double hit.

I fear that in the conference, the temptation may be to use these illusory savings rather than make hard choices as to either spending cuts, real spending cuts built into this bill, in statute now, or taxes; and that, as we move toward this accommodation between the House and the Senate in conference, you will have a situation where the House says: You cut too much in Medicare and Medicaid; we cannot vote for it; if you have savings of that magnitude, reduce the savings and pay for it out of the interest savings we are going to have.

And the Senate will say to the House: You have too much in taxes. We cannot pass this bill if you have so many taxes in there. And the Senate will say: Let us take the revenues out of the interest savings that are projected.

It is a happy marriage. You do not have to vote for as many spending cuts; you do not have to vote for as many taxes. And on the hope and a promise of interest savings, you get the revenues.

Mr. President, this bill was bad enough for the economy of this country as it passed either the House or the Senate. It is going to result in increased unemployment; it is going to result in a slower growth than we hoped—maybe a recession—but a slower growth than we hoped and a bigger deficit. I do not know how you can say to business in this country: We are going to raise your corporate taxes; we are going to raise your individual taxes; we are going to raise your energy taxes—be that gasoline taxes or Btu taxes—and now that we have done

all that, go out and hire more people. Mr. President, that does not equate.

But the most dangerous thing of all and the worst thing we can do to the economy is to presume we are going to have savings—savings from interest—spend the savings, and have a deficit that is $350 billion instead of $220 billion and no money to make up the difference because we have spent it.

Why will we spend it? It is very simple. If you take only four programs, Mr. President: Medicare, Medicaid, Social Security, and other retirement—military retirement, civilian retirement—and interest, just those four programs: Medicare, Medicaid, Social Security, and other retirement, those four plus interest, in 1963, they were 24 percent of all the money the Federal Government spent; in 1973, 37 percent; in 1983, 47 percent; in 1993, 54 percent; and 10 years from now, it is projected that 69 percent of all the money we spend will go for those four programs plus interest.

If that is the case, then all of the other programs of Government—the Defense Intelligence Agency, the Environmental Protection Agency, education, airport safety, Amtrak—everything we spend money on is going to have less of the whole to spend because we are going to spend more and more.

But on these four programs, what are they going to do? They will come to the President and say: Mr. President, we are only $500 million; we are only $1 billion in the budget of $1.8 trillion, and we were kept down by the Reagan-Bush administration. Can we not just have $500 million or $1 billion? And here we have a potful of taxes sitting there that was supposed to go for deficit reduction.

We now have an extra $100 billion of interest savings that we presume we will get. And the President says: $1 billion; what is that—until you realize you have hundreds of little programs coming to you.

Am I happy that the Republicans have nothing to do with this bill? You bet I am. If this bill is defeated, and the President were willing to have a genuine bipartisan negotiation and a genuine willingness to build into a bill spending reductions that were real in law, with the passage of the bill, I think he would have Republican support. But he does not want it. And that is his choice.

So what I see is economic disaster for the country, an inflation rate that is increasing, interest rates that are increasing, and a deficit that goes up, not down, every year during this present administration.

Mr. President, I ask unanimous consent to place in the RECORD the Bureau of National Affairs article to which I made reference in my speech.

I thank my good friend from Wyoming for yielding to me.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

REGULATION, ECONOMICS AND LAW
ECONOMIC POLICY

Continued low interest rates will allow the Clinton administration to show savings of more than $100 billion over the next five years in federal borrowing and significant long-term deficit reduction below projections made earlier this year, Office of Management and Budget officials said June 25.

In mid-July the government will issue its midsession budget review, which will show more than $100 billion in savings because low interest rates reduce the government's borrowing costs. "It's going to be big money," Joseph Minarik, OMB associate director of economic policy, told a group of reporters.

OMB Director Leon Panetta said he did not know exactly where the re-estimates would put the administration's new deficit projections, but he said he expected it to be below the $322 billion projection for fiscal 1993 made earlier this year.

Minarik said that the deficit revision for the short term is "not going to be terribly different," but suggested it would be larger in the out-years of the five-year budget. The recent slow quarter of economic growth has a fast-acting impact on the deficit projections in the near term, while low interest rates are "slow-acting," he noted.

The OMB officials stressed that enactment of President Clinton's economic program—versions of which have now cleared the House and Senate—will greatly contribute to economic confidence and continued low interest rates, which will have a stimulative effect on investment and job creation.

President Clinton made the same point June 25, saying passage of legislation by the House and Senate sends "a clear signal to the financial markets that its interest rates should stay down and people should be able to refinance their homes and finance their businesses at lower interest rates."

Without enactment of the economic plan, interest rates will rise rapidly, Panetta warned.

The OMB director expressed confidence that an economic program to reduce the deficit will be enacted and suggested that the Federal Reserve is looking for that achievement.

"Right now, it behooves everybody to kind of be steady-as-you-go, including the Fed right now," Panetta said. "I think it's a very important signal to consider in whatever it [the Fed] ultimately decides to do," he said.

"That's been made clear, I think," the budget director continued. "They are looking to see whether, in fact, this plan can be put in place. My sense is that if that happens, the ability to kind of hold interest rates at a low level is going to be more assured just by virtue of having done that."

Regarding other economic impacts related to enactment of an economic program, Panetta agreed that the tax changes narrowly approved by both chambers and headed for a conference committee could have a constrictive impact on economic growth.

He argued, however, that the tax increases passed by the House and Senate apply to various sectors of the economy broadly. "You're impacting across the board," he told reporters, noting that the tradeoff is the stimulative effect on the economy of locking in a program to cut the deficit. The market's recognition of a credible deficit reduction program, and resulting low interest rates, has the effect of counteracting the damper of higher taxes, he said.

The ACTING PRESIDENT pro tempore. The Senator from Wyoming [Mr. WALLOP] is recognized.

Mr. WALLOP. Mr. President, I thank the Senator from Oregon. Before he leaves, I would just like to read a couple of quotes to bolster his argument.

Monday, July 12, New York Times, in an article in the business section, says: "Protecting a fragile recovery—White House seeks to limit damage." What the White House seeks to limit is damage from the Clinton tax plan.

Mr. President, the Clinton tax package has not even been passed, and it is already causing damage to the economy. One really has to wonder what has taken place in the minds of those who create the jobs, invest the money, and fire up this economy, that the White House—Laura Tyson and others—would begin to express worry about this plan before it is even passed.

I also refer to a statement by David Wilhelm, chairman of the Democratic Party, who characterized the passage of the tax package in both Houses as "a crucial step in a progressive redistribution of income."

Mr. President, we thought that the whole objective of this exercise is deficit reduction, not social engineering. If there is any one reason the White House is now trying to protect a fragile recovery and limit damage to the economy, it is because its purpose has not been focused on reducing the deficit. Let me refer you to comments by the President, who says: "The Democratic Party and this administration have proved that we have the discipline to bring the deficit down. * * * I think it will help the economy bring in more revenues and permit us to spend more."

A senior administration official says: "Until further notice, we are sticking with our previous positions, and one of them has always been there is no acceptable alternative to the energy tax that raises the revenue needed to pay for some of the investments and things we want to do."

The Senate Majority Leader, Senator MITCHELL, was quoted on the first of July saying that he thought Clinton's spending concept was economically sound and represents "the kind of rational distinctions that good policy should make. * * * Now, will he be able to do all he wants? No. Will he be able to afford all these things? No. But, I think the direction is right, I think the emphasis is right, and to the extent that we can, consistent with restraints of the budget, I think that's the proper areas for emphasis."

The emphasis, Mr. President, is on spending the money that we are taxing out of the pockets of Americans. We thought that the idea of the whole deficit reduction program was to cut spending first. The President and Ross Perot, throughout the campaign, managed to persuade Americans that the time for sacrifice was now. But the purpose of sacrifice was to reduce the deficit, not to raise taxes to expand

Government. And that is why Laura Tyson and others are in the process of trying to find ways to limit the damage of the President's program, even before it is passed.

Mr. President, I yield 5 minutes to the Senator from Washington.

Mr. GORTON. Mr. President, there is little I can add to the brilliant and thoughtful remarks of the Senators from Oregon and Wyoming. I do reflect, however, that at the beginning of this debate, when one major element of the President's program was a sweeping tax on energy, called the Btu tax, a number of commentators and Members on this side almost immediately began to refer to the Btu tax as the "big time unemployment tax." That slogan caught on. I think it may have had something to do with the fact that the Btu tax was the most sensitive single item in this tax proposal as it went through the House of Representatives and so sensitive that it was abandoned by the Senate.

Nevertheless, this Senator reflects on the proposition that that attack was too modest. It was not just that energy tax that was a big time unemployment tax, it is the entire proposal. I believe that my friend from Wyoming has illustrated dramatically the fact that that is true, and it has gotten through even to the economic advisers of the administration, which has proposed this entire tax package.

It is tremendously harmful to the economy. It is tremendously harmful to people. It is tremendously harmful to people who will not even be directly affected by the tax. The President, while asking for sacrifice, has taken great pains to point out that almost all of these taxes will be paid by the top 2 percent of the population of the United States. He has taken great pains to avoid talking about the fact that much of this money will come out of the pockets of small businesses, which are organized subchapter S corporations or partnerships or sole proprietorships and whose tax rate will increase by a vastly greater amount than the tax increases for large, normal types of corporations.

A number of economists, Martin Feldstein and others, have pointed out that it is beyond doubt that this increase in taxes will not increase revenues to nearly the amount the President has estimated. In fact, Martin Feldstein estimates that it will produce only about 25 percent of what the President estimates. He can be off by half and it will still only produce one-half of what the President claims it will produce. Why? Because people will change their behavior when they are penalized for economically productive behavior.

Clearly, under any scenario, they will not be able to employ the number of people they employ at the present time. They will not be able to grow at the rate at which they have grown during the course of the last several years. Some have been quoted as saying a recession would be better for their business than this tax program, and we know that very little hiring takes place during the course of a recession.

So, Mr. President, it is not just the energy tax in this proposal that is a big time unemployment tax, it is the entire proposal from top to bottom. As the President himself admitted on one ill-fated foray into California, he knows of no example, of no nation, of no time in the history of this Nation, when a huge tax increase has actually created prosperity, expanded employment opportunities and more chances for Americans to move up on the social and economic scale. This one will be no different. This will, in fact, if it is passed, be a big time unemployment tax.

This morning's Washington Post talks of tensions between the House and the Senate and especially between the majority parties in the House and the Senate of the United States. Nothing could be better for the people of the United States than to have that tension result in the collapse of this tax bill and the return of the President of the United States to this Congress with a genuine bipartisan proposal which cuts spending first.

The ACTING PRESIDENT pro tempore. The time of the Senator has expired.

Mr. WALLOP. Mr. President, I also point out that one of the reasons the country at large is so nervous is because the tax proposals are based on class envy. There is a mean-spiritedness to some of these proposals, which is just beginning to dawn on Americans. For example, we tell Americans that we are a country which does not save; that saving is an ethic we ought to develop in this country; and that we ought to provide some means of stimulating savings.

Then guess what this bill does? For estates and trusts, which allow people to save to provide for their children, the tax bill would begin taxing trusts and estates at the new 36-percent tax rate for taxable income above $5,500. That is Bill Clinton's rich. Now $5,500 is not going to buy a year's college tuition, but the new 36-percent tax rate will trip in at that level on trusts and estates, set up for purposes such as education.

Mr. President, we are not going to improve this country by raising our taxes to levels greater than those of England, or by trying to show Europe that we can outdo them in social engineering.

Mr. President, I yield 7 minutes to the Senator from Florida.

The ACTING PRESIDENT pro tempore. The Senator from Florida [Mr MACK] is recognized for 7 minutes.

Mr. MACK. Thank you, Mr. President, and I thank the Senator for yielding me that time.

I would like to thank our colleague, the distinguished chairman of the Finance Committee, Senator MOYNIHAN, for clearing up an issue that has been plaguing the President's tax package.

The President's plan calls for higher taxes on the so-called rich in order to bring the deficit down. But this is the same method that was tried and failed in the budget agreement of 1990. Many of us have been asking why we should try the same thing in 1993 that failed in 1990.

The same question, in essence, was posed to Senator MOYNIHAN on "Meet the Press" this past Sunday: The question was, and I quote:

> In 1990 we were promised $500 billion in deficit reduction, and taxes on the rich were increased. Revenues collected from those making over $200,000 went down. The deficit didn't go down. How can you tell us this morning that this plan will be any different than 1990?

The initial and candid reaction of the distinguished chairman of the Finance Committee was, "I'm not."

He is absolutely right. There will not be any difference between 1990 and this plan. Tax rates on the rich will be raised but the revenues will never materialize, and the deficit will go up.

Let me make three points to support Senator MOYNIHAN. First, the evidence from income tax receipts for 1991 is now being reported by the IRS. Remember, 1991 is the first year that was affected by the higher tax rates on the rich as a result of the 1990 budget agreement.

The evidence is this: total income tax receipts fell in 1991, the first decline since 1983. Even though we were in a recession, total income rose 3.3 percent for the year.

But the rich—defined as those making over $200,000 a year—had their tax payments drop by 6.1 percent. They paid $6.5 billion less even though their tax rates were higher.

What about everyone else? Well, their tax payments rose, not fell, by 1 percent, and this chart makes the point. The effort was to sock-the-rich. Let us try to force them to pay more in taxes. Let us raise their tax rate. The end result after raising their tax rates was to see a decline from $106.1 billion in 1990 to $99.6 billion in 1991.

And, as I said a moment ago, interestingly enough everybody else's taxes went up. So you cannot blame the fact on the economy that was in recession because, as I said a moment ago, incomes actually rose by 3.3 percent during that period of time.

The point again is you cannot raise tax rates and assume that you are going to get more revenue.

Why did the rich pay less taxes? Paul Gigot wrote in Friday's Wall Street Journal that,

It's impossible to know for sure, but the likely answer is that they changed their behavior in response to higher rates. Maybe they sheltered more income. Or stuffed more of it into 1990 to take advantage of that year's lower rates. Or perhaps they worked less. In short, they responded to "incentives", as economists say, and produced less income subject to tax.

The bottom line is that when tax rates were raised on the rich, the rich did not pay more taxes. Everybody else did instead.

This is a classic example of the law of unintended consequences. Congress tried to soak the rich, but drenched the middle class instead.

The second point to support Senator MOYNIHAN regards to the luxury tax. In 1990, Congress also tried to soak the rich by hiking taxes on luxury items like boats and planes.

Everybody now agrees that was a bad idea, and even the President's tax plan repeals the luxury taxes. The luxury taxes did not hurt the rich. They only hurt working Americans who built the boats, planes, and other items subject to the luxury tax.

But that theory—to soak the rich by raising taxes—that proved so wrong with luxury taxes is now being proposed across the board. The President and congressional democrats who admit the folly of the luxury tax still want to pretend it will have a different effect when they impose luxury taxes on income.

The third point to support Senator MOYNIHAN comes from Martin Feldstein. Feldstein was Chairman of President Reagan's Council of Economic Advisors and was criticized, you may remember, for supporting higher taxes to lower the deficit.

Feldstein says the Clinton tax increases on the rich will not work. He figures that wealthy Americans will change their earning patterns, and only a quarter of the revenues the President hopes to gain from taxing the rich will ever materialize.

In fact, he says that only small changes in their earning behavior such as sheltering or reducing 10 percent of their income, will cause Clinton's revenue bonanza to disappear completely.

Where is the benefit in a tax policy that discourages investment, stifles the economy, and reduces revenue? There is no benefit.

I can only reach one logical conclusion from Senator MOYNIHAN's comment that the failed 1990 tax policies will not work this time: The issue is not revenue, the issue is spending.

The Federal Government does not have a revenue problem; it has a spending problem. In 1990, the American people got hit with higher taxes and promises of spending cuts later. What happened? Revenues declined, jobs were lost, the deficit grew and spending soared. This flawed budget deal is no different, as Senator MOYNIHAN suggested.

It is no wonder the American people do not trust Congress and the administration to cut spending first. That is why I introduced the Spending Reduction Commission to force Congress into making the spending cuts that are necessary to bring down the deficit and unleash the economy.

The Commission is not a substitute for Congress to do its job, it is an enforcer.

We simply will not bridle this deficit without spending cuts.

If this budget package will lower revenues as Senator MOYNIHAN suggested, if this budget package will burden a stagnant economy as I believe it will, why not focus on spending cuts, instead?

Senator MOYNIHAN's honesty is to be commended. Now, we are looking to his leadership to make certain the budget package rests with spending cuts, not tax hikes.

I yield the floor.

The ACTING PRESIDENT pro tempore. The time of the Senator has expired.

The Chair recognizes the Senator from Wyoming.

Mr. WALLOP. Mr. President, I will recognize the Senator from Georgia in a moment, but first, I thank the Senator from Florida, and would also note from Paul Gigot's column in the Wall Street Journal that it is difficult to argue 1990 was a bad year for the rich and a good one for everyone else.

What has now emerged is a very distinct difference between the Democratic Party and the Republican Party. The Democratic Party believes two things: that revenues are raised by rates and that if a tax today raises $1,000 at 10 percent, an increase to 15 percent will raise $1,500.

Tax increases have never worked that way. The Democrats do not seem to realize that there is a creative human response in Americans who are trying to protect their income for their families.

The second point I would make is that the Senator from New Jersey, the sire of Bradley-Gephardt, who was among one of the most articulate men in America arguing for simplification of the tax code so that we could reduce the rates, and for capital gains as the engine of small business growth, that Senator, the same Senator from New Jersey, is not the sire of the surtax on capital gains for the rich.

This will not raise money. Mr. President, there are $8 trillion worth of capital gains backed up in the system because of the tax rates applied to those gains. Were we to lower the rates, or index capital gain for inflation, we could trigger more money than is now being raised or proposed to be raised out of any of these tax increases—more revenues for the Government that create a little growth at the same time.

I yield 5 minutes to the Senator from Georgia.

The ACTING PRESIDENT pro tempore. The Chair recognizes the Senator from Georgia.

Mr. COVERDELL. Mr. President, I thoroughly enjoyed the comments being made this morning by the Senators from Wyoming and Florida. They have covered this subject exceedingly well.

But I would like to bring to the attention of the Senate some micro-information. I thought it would be valid to ask my constituents directly, and not just a measurement of telephone calls or mail, but to formally inquire as to their view with regard to these economic debates and proposals.

I have asked them specifically their view on this very intense debate on the ways to reduce the Federal deficit.

It is very interesting and startling to know the results. Half of the voters in the State of Georgia, 49 percent specifically feel that this is no time to raise taxes; 36 percent would agree to the sacrifice concept if—and I repeat, "if"—it were a one-to-one ratio; and 93 percent—I would characterize that as virtually unanimous—do not believe in a concept that envisions $3, $4, $5, $6 of revenue with only $1 of spending cuts.

What they are saying loud and clear is: Focus on spending disciplines, not on taxes.

Well, we asked them: Will this administration's economic plan reduce the deficit?

Good question, because that seems to be the monitor that has been placed on this proposal.

I find it striking and interesting that 55 percent of the Georgia electorate do not believe that this plan will reduce the deficit one iota.

Well, then, since we have had so much discussion about gridlock and obstructionism, we said: Well, what do you think? Should we agree with this concept carte blanche or should we try to change it? Sixty percent of the electorate in the State of Georgia said, "By George, change it. Change it."

Now, we could say to ourselves: Why this overwhelming rejection? Why this overwhelming endorsement of change? And I will tell you why. It is because, when this question is posed, "Well, doesn't it take a balance of new revenues and spending cuts?," they are saying to themselves: "We have been through the revenue piece, we have been through having our taxes raised, what we are waiting for is when do we ever get to the spending cut part."

It was only 30 months ago that they had their taxes raised in historical proportions. They were promised then a $500 billion deficit reduction. They were promised then that there would be substantial spending cuts. It did not happen. They feel betrayed.

They no longer believe that our Government will seriously attack the disciplines of spending. They have said, "Enough is enough. You gave us the

taxes, you promised us the spending cuts, you promised us the reduction in the deficit that never occurred, and so now we are saying you must do that first."

And that is what this electorate is telling me, and I believe that is what this Nation is telling its Government.

Mr. President, I yield back to the distinguished Senator from Wyoming.

Mr. WALLOP. Mr. President, I thank the Senator from Georgia.

I want to ask him quickly before he leaves the floor if he is aware of the new CBO projections which, as I understand them, indicate that we would get move deficit reduction if we did none of this program and left that which is now in place, than we would if we enacted this package. Has the Senator heard that?

Mr. COVERDELL. Mr. President, I say to the Senator from Wyoming, yes, I have heard that. And it is obvious to me that these citizens understand that. They understand that the only way for these families and these businesses to make a substantial contribution to the health of this Government is by having expanding businesses, which they cannot do if we hear a sucking sound that is moving all resources to Washington, DC.

Mr. WALLOP. I would just say to the Senator that the administration recognizes it, too.

I pointed out earlier, Monday's New York Times article entitled "Protecting a Fragile Recovery—White House Seeks To Limit Damage"—damage caused by a bill that has not yet been passed.

I quote a comment by Laura D'Andrea Tyson, Chairwoman of the President's Council of Economic Advisers. "I would hope in the process of reconciliation some thought would be given to the signals the economy is giving out."

Clearly some of the advisors closest to the President are concerned about the effects that the proposed tax levels will have on the economy.

I thank the Senator from Georgia.

Mr. MACK. Will the Senator yield for a moment?

Mr. WALLOP. I am happy to yield to the Senator from Florida.

The ACTING PRESIDENT pro tempore. The Senator from Florida is recognized.

Mr. MACK. I want to go back to a point that you made a little bit earlier. If I remember correctly, the Senator was saying at a 10-percent rate on $1,000 of income, you get $100. And there is an assumption that you could go to a 15-percent rate and collect $150, something in that neighborhood.

Mr. WALLOP. That is correct. Human behavior is unaffected by rates.

Mr. MACK. The underlying point in all that is you could just keep raising the rate and, each year at a higher rate, collect the same percentage of the income; in other words, there would be no behavioral change, there would be no diminishing returns, I guess would be another way to say that in economic terms.

The articles that we have kind of referred to this morning, the one that Paul Gigot wrote in Friday's Wall Street Journal, and there was another by Robert Barro, both of those in essence were talking about the now much maligned Laffer curve. And I want to say to the President that these two articles and the evidence that came in from the tax receipts for 1991 actually say that the Laffer curve is alive and well and held in high regard by the people of the country who pay the taxes.

Now let us just make one further point. There is one thing that we know for sure. We know that there are two tax rates where we could absolutely predict that the Federal Government will collect zero taxes. That is zero percent and 100 percent. And I think it is fairly obvious to most people that if it is zero, you obviously do not get any revenue from that. And it ought to be just as obvious at 100 percent that you get no revenue as well because no one would be working. Why work and give it all to the Government.

So there is implied in that statement that there is some rate that is an optimum rate. In other words, there is a curve that goes something like this, and it is somewhere on that curve that there is an optimum rate that could be charged that would be the optimum amount of money that would be collected by the Federal Government.

And this evidence that we have both talked about this morning, that with the higher rates that went into effect in the 1990 deal, the assumption was that there would be more revenue collected from the rich in 1991. We now have evidence, even after a growth of 3.3 percent in all revenues, that the wealthy paid less in taxes.

We are saying in that is that this plan that is being proposed now, that the conference committee is going to be working on, that is going to raise taxes on the wealthy, the message that: "Don't anyone in the country worry, only the wealthy are going to pay more in taxes," the result of the first year 1991 is that tax payments by the wealthy declined 6.5 percent and taxes paid by everybody else went up 1 percent.

I thank the Senator for yielding and giving me that additional opportunity.

Mr. WALLOP. I thank the Senator from Florida.

Mr. President, I have made note of the politics of envy, and the politics of class that have crept into the debate to persuade the American people that those who worked long hours in the 1980's somehow or another profited unfairly. I would also note that another new word has come back—which is actually an old phrase we used to hear in the 1970's in Jimmy Carter's time—is "tax expenditures." The theory of a tax expenditure, if followed to its logical conclusion, is that by not taxing something, the Government is, in effect, spending money.

Mr. President, the Senator occupying the chair and everybody else I know, understands that this means we owe everything first to the Government.

Under the tax expenditure theory, Government owns Americans. They own us lock, stock, and barrel. We only keep what we keep by the grace of government.

Mr. President, that is not a way for America to cut spending first. That is a way to divide us, to pit our classes against each other, to result in envy and to take away from Americans the opportunity to dream that they, too, might progress.

Mr. President, I yield 5 minutes to the Senator from Idaho.

The ACTING PRESIDENT pro tempore. The Chair advises the Senator from Wyoming that he has 12 minutes remaining.

Mr. WALLOP. I yield 5 minutes to the Senator from Idaho.

The ACTING PRESIDENT pro tempore. The Senator is recognized for 5 minutes.

CLINTONOMICS: WHERE WILL IT TAKE US?

Mr. CRAIG. Mr. President, I thank the Senator for yielding and taking out this special order today to talk about an issue the American people are extremely concerned about at this moment. And that is Clintonomics: Where will it take us, what will it do for us, and what might it do to us?

Without question, I think Americans have gone beyond the point of concern. I held a town meeting in Ashton, ID, a small agricultural community in southeastern Idaho during the Fourth of July break. I not only heard concern, I began to hear fear, fear expressed that this is an administration that lost its vision the day it took office; that it moved from its campaign rhetoric of change and moderation and spending control and deficit reduction to one of an old Democrat attitude; and that is, a bigger Government and higher taxes and somehow all of this is going to produce a better world.

Except those people at that town meeting had everywhere from 15 years of life to 90 years of life experience. Yes, there was a 90-year-old there and they were telling me: "But, Senator, we have tried all of those things and it doesn't work. Government just keeps getting larger and as it gets larger, it takes more from us and it controls more of us."

Of course, in that community, they know well because it is a community with a lot of public land around it and they are finding out they can do little on that public land compared with what they used to be able to do because of Federal rules and regulations, because of a Federal attitude that human

activity on public lands somehow damages an environment and, as a result, the way to control it is to control the people. That is what they are fearful of with the Clinton administration.

In 1984, we feared that because there was a novel that said there was going to be a "Brave New World." This administration is doing something very unique. They are creatively defining with words things that the average person says are real. For example, no longer do we call it spending here. We call it investment, investment in our futures.

If investing in our futures is taking 45 percent more in taxes from small businesses, men and women who work their hearts out in 18 hours a day to create something for themselves and their children, then let me tell you, that ain't investing in the future. That is robbing from the working people.

Mr. President, you ought to know better than that. If you are going to have a business meal tax and destroy 165,000 jobs in America, Mr. President, you ought to know better than that. If you want to go to the G–7 meeting in Tokyo and talk about creating jobs when you have just brought down a spotted owl decision over the Endangered Species Act in Oregon, Washington, and Idaho and northern California that is going to destroy 60,000 jobs, Mr. President, you are talking out of both sides of your mouth, and you ought to know better than that. That is not what you said throughout the long, hot campaign of a year ago. You said you were going to change, you were going to control the deficit, you were going to control the debt, and you were going to create jobs, and now all of your rhetoric calculates in less jobs and a stagnant economy, and you ought to know better than that.

There is an old liberal adage, and that is: Tax everything that moves and somehow it will make the world better. Let me tell you what the new adage of Clintonomics is: Tax everything, including the patience of the American people. "And, Mr. President, you ought to know better than that."

I yield back the remainder of my time.

The ACTING PRESIDENT pro tempore. The time of the Senator has expired.

The Chair recognizes the Senator from Wyoming.

Mr. WALLOP. Mr. President, I thank the Senator from Idaho. We are in a very stressful time in America. One thing is certain: There is no one who does not believe that the deficit is a major problem with which the country must deal. There is big disagreement as to how we must deal with it. But I think that it is important to note a couple of things.

One, despite the President's rhetoric, this is not the largest deficit reduction package in history. It is the mirror image of the one we passed in 1990. I have seen film clips of President Bush and now OMB Director, then chairman of the House Budget Committee, Leon Panetta, walking out of the doors of the building at Andrews Air Force Base, proclaiming the largest deficit reduction package in history, and saying the words "$500 billion."

That budget package was long on taxes and short on spending cut specifics. Similarly, Clinton's package is long on taxes and short on specifics, as well as a projection of mythical specifics.

One thing we have not done but will hear about in a little while, is talking about the rest of the President's program, which is a massive increase in the presence of Government in our lives through new regulations at every level, new powers for the Environmental Protection Agency and other agencies of Government, and new fees for those who use the resources of the public lands.

From the very beginning, this program was designed to attack the most productive sectors of America. But it will not produce the revenue claimed.

Let me conclude as follows: Productive America is dreaming America. It is the small businessmen and women of each of our States. My State of Wyoming is the largest small business State in America per capita. The problem that these people see is that they will not be allowed to hire whom they wish, to create growth in ways in which they would like, and to make deposits in banks and other institutions without being penalized for being thrifty and saving.

(Mrs. MURRAY assumed the chair.)

Mr. WALLOP. Madam President, the whole problem with this bill and this administration's attitude is that productive Americans are somehow an anathema to the goal of Government. They threaten Government because they wish to produce on their own, not hand in hand with Government but free from Government.

I will conclude by drawing the attention of Members of the Senate to the statements of the Chairman of the Federal Reserve, Mr. Greenspan, when I asked him in the Finance Committee: How come this recovery was not being accompanied by more jobs?

He pointed out the fact that Americans are now working the longest week in their history. Overtime is taking the place of new hires.

Second, he pointed out that temporaries were at their highest number in history. Temporaries were taking the place of new hires.

And he pointed out that increased Government regulations and new pending legislation were putting America's hiring sector on guard, telling them that they had better be careful about committing themselves before they had seen the regulations.

Madam President, I ask unanimous consent that the article from Monday's New York Times, the article by Mr. Barro in Friday's Wall Street Journal, and the column by Paul Gigot also in Friday's Wall Street Journal be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

OOPS! WEREN'T WE GOING TO SOAK THE RICH?

(By Paul A. Gigot)

On his way out the door in January, a cheeky Bush official scribbled the same tax phrase again and again on a Treasury blackboard for the new Clinton team: "Low rates, broad base."

The incoming Clinton Treasury minions, more rueful than cheeky, erased the phrase each time the new White House requested ever higher tax rates.

Mark the rueful down as prophets. The first evidence on income-tax receipts for 1991 is now rolling in from the Internal Revenue Service, and the usual eye-glazing numbers are suddenly eye-popping.

To wit, the rich paid less in taxes even though their tax rates went up. The nonrich paid more even though their tax rates stayed the same. President Clinton, meet the Laffer Curve.

This news is the elephant in the room of this year's tax debate, since we keep hearing that the fate of the world hangs on President Clinton's promise to reduce the deficit by "$500 billion." Most of this windfall, Mr. Clinton assures us, will come from "the rich." But what if those tax revenues from the rich turn out to be a mirage?

Then isn't the Clinton tax program doomed to fail, even as mere deficit reduction? And shouldn't Democrats think again before they commit tax hari-kari at next week's House-Senate conference? Of course they should, but this year's Democratic theme song seems to be that old "M*A*S*H" movie anthem. "Suicide Is Painless."

The 1991 numbers are so striking because they's the first since the Great 1990 Budget Deal, which was more or less the test drive for Clintonomics. Rates had to be raised on "the rich," we were told then, in order to produce a river of new tax revenue.

Well, this is one river that didn't run through it. For we now know that total income-tax receipts fell in 1991, the first decline since 1983. And they fell in a strange and revealing way.

For the rich—defined as the top 850,000 income-earners in each year (making about $200,000 or more)—1991 tax receipts fell by $6.5 billion, or 6.1%. But for every one else, tax receipts actually rose in 1991—by $3.3 billion, or 1%. this odd dichotomy makes it difficult to attribute the revenue decline merely to a slow economy: The rich wouldn't have a bad year if everyone else had a good one. And, in fact, total income rose 3.3% for the year.

So what happened to the rich? It's impossible to know for sure, but the likely answer is that they changed their behavior in response to higher rates. Maybe they sheltered more income. Or stuffed more of it into 1990 to take advantage of that year's lower rates. Or perhaps they worked less. In short, they responded to "incentives," as economists say, and produced less income subject to tax.

This reverse-windfall is underscored by other 1991 numbers. Income from businesses fell 5.5% for the rich, but rose 2.2% for the nonrich. for so-called Subchapter S small

businesses, which would get slammed again by Mr. Clinton, income dove 10.5% for the rich but rose 6.2% for everyone else.

All of which proves what populist, middle-class free-marketeers like me call the paradox of progressivity: To really soak the rich, keep their tax rates low.

Listen to Martin Feldstein, the Harvard economist who has never been mistaken for a wild supply-sider: "The evidence is strong that in 1991 they picked up rates at the top and revenue fell. this should make Democrats think twice about whether the tax rates they're now talking about will raise the revenues they expect." Mr. Feldstein figures they'll get only about a quarter of the $25 billion a year they advertise.

The Clinton administration knows all this, by the way, but wants it kept quiet until the tax pill passes. Treasury economist Alicia Munnell is in denial, even though her staff has calculated that Mr. Feldstein is right. Treasury's Larry Summers knows better, but is preoccupied with Japan and trade. Other Democrats don't even want to hear about it. That's because for them taxing "the rich" is about class-war politics, not revenue. It's about having a foil to run against.

But that's no excuse for Republicans, who've been just as silent about all this. Bob Dole's timid Senate Republicans didn't even offer an amendment to strip the higher rates out of the tax bill. Ohio Rep. John Kasich, supposedly the boy wonder of the budget, has made people wonder by endorsing higher rates. Like George Bush and Nicholas Brady, too many Republicans are still afraid James Carvill might accuse them of belonging to a country club.

But now is the time to lay down markers for the next economic debate, educating voters about the con job they are about to experience. An optimist said last year that either the Clinton presidency would be successful, or it would be educational. But that assumes someone does the educating.

HIGHER TAXES, LOWER REVENUES

(By Robert J. Barro)

Although the debate over the administration's tax package has focused on energy levies, the bulk of the projected revenue comes from increases in marginal income-tax rates on the "rich." This revenue underlies the administration's contention that the fiscal package is an equal mix of spending cuts and tax increases, and also forms the basis of alternate estimates that peg the ratio of spending cuts to tax increases at between 1 to 2 and 1 to 5.

A key issue, however, is whether increases in marginal tax rates at the top will raise any revenue at all. The history of responses to tax-rate changes from 1981 to 1991 suggests that the receipts generated by this part of the fiscal package probably will be close to zero and may actually be negative. Upper-income people are very "responsive" to changes in the tax code: that is, they readily move their money around or change their behavior in response to new tax law.

The debate about ratios in the administration's proposals has therefore had a surreal character. If Congress decides to abandon all new levies on energy—levies that would harm the economy, but really would raise the kind of revenue legislators are looking for—then tax receipts would be roughly constant. The magical ratio of spending cuts to tax increases could then be infinite (even though the package contains little in spending cuts).

AN ORPHAN ARGUMENT

Amazingly, neither the Democrats nor the Republicans want to make this argument. The Democrats, of course, do not want to acknowledge that the higher tax rates on the rich will generate little revenue. The Republicans do not want to press the point because, first, they do not want to look like the advocates of the rich, and, second, if tax receipts do not rise, then they could not argue that the Democrats had raised taxes (falling here into the common confusion between tax rates and revenues). One would have thought, however, that an increase in tax rates that produces no revenue is even worse than one that generates lots of revenue.

The chart shows the fraction of total federal income taxes paid by the upper 0.5 percent of the income distribution in the years 1960 to 1991 (returns with adjusted gross incomes above about $220,000 in 1991). The most relevant experience for evaluating the current fiscal proposals is the period of changing tax policy from 1981 to 1991.

For the top 0.5 percent of the income distribution, the most important changes are the shifts in the marginal tax rates at high incomes. For most of the years 1960 to 1980, years with relatively high top marginal rates, the high-income group contributed well under 20 percent—and even 15 percent—of the revenue pie. But even more relevant is the 1981-91 period. Its featured a cut in the top marginal rate on unearned income of 50 percent from 70 percent in the 1981 law, a cut in the top rate on all forms of income to 28 percent in the 1986 law (except that this law raised the top rate on long-term capital gains to 28 percent from 20 percent), and an increase in the top rate to 31 percent (or a couple of percentage points more because of phaseout provisions for deductions) in the 1990 law.

The first observation from the figure is that the increase in reported taxable incomes of the rich after the 1981 law was great. It was so great that the share of taxes paid by this group rose to 18 percent in 1984-85 from 14 percent in 1981, despite (or rather because of) the reduction in the top marginal tax rate. The Laffer curve argues that increasing tax rates beyond a certain point means lower revenues—and that cutting rates widens revenues. The much-ridiculed curve turned out to work brilliantly at upper-income levels.

The share the rich paid in taxes for 1986—21 percent—is inflated by the surge in capital-gain realizations in anticipation of the rise in the capital-gains tax rate in 1987. But the principal observation about the 1986 reforms is that the share paid by this group remained between 20 percent and 22 percent from 1986 to 1990, well above the values from before 1986. In 1988, the final year of the Reagan administration—and, in that sense, the pinnacle of the "greedy 1980s"—the share of taxes paid by the rich reached its peak of 22 percent. (I do not know whether one-fifth is a "fair share" for the top 0.5 percent of income recipients to pay, but it does mean that the average person in this group pays 40 times as much in federal income taxes as the typical person.)

Additional evidence came when the rise in the top rate in the 1990 law was followed by a decline in the fraction of taxes paid by the rich to 19 percent in 1991 from 20 percent in 1990. Thus, the pattern in which changes in the top tax rates cause a dramatic response in the top tax rates cause a dramatic response in the opposite direction of reported taxable incomes works for tax-rate increases as well as for tax-rate decreases. This finding is significant, because the current income-tax proposals are basically more of the same that was contained in the 1990 law.

Treasury officials claim that their estimates of large revenue gains from increased tax rates on the rich already take account of behavioral responses that lower the base of reported taxable income. This claim is misleading, however, because the responses that the Treasury seems to consider are portfolio shifts, such as the increased incentive to hold tax-exempt bonds (an effect that has to be trivial if the total supply of tax-exempt bonds does not change).

Left out of these calculations are the principal shifts in reported incomes that underlie the data in the figure. The details of these shifts are not well understood, but they seem to involve changes in the timing of income, exploitation of tax loopholes, and alterations in work effort. (People work harder after tax cuts.) In any event, the best way to project how tax payments by the rich will react to changes in tax rates is to use the information provided by the history of the responses to the 1981, 1986 and 1990 tax laws, and the Treasury's estimates fail to take account of the clear message from this history.

LIBERAL FRIENDS

Suppose that it is true that the higher tax rates on the rich will not raise revenue. Even so, the rich will suffer from the higher tax rates. The various methods employed to lower taxable income—including creating tax loopholes and working less—are undesirable activities that these people would have preferred to avoid. The income-tax proposals will succeed in burdening the rich even if they fail to generate revenue.

To me it is obvious that a tax-rate boost that makes one group suffer—even the rich—but provides no revenue is bad economic policy. Since I do not trust my instincts, however, I surveyed some liberal friends: What do you think of a policy that makes the rich worse off, but produces no revenue and therefore provide no direct benefits for the nonrich? Remarkably, the results were mixed. Some of the respondents would be willing to give up resources (revenue)—and, in fact, suffer themselves—for the sake of taking away money from the rich, so that some measures of income inequality would narrow. Apparently, the presence of wealthy people is viewed as similar to environmental pollution. One can only hope that this viewpoint is not the main driving force behind the administration's economy policies; otherwise, the economy will be in serious trouble.

PROTECTING A FRAGILE RECOVERY

(By Steven Greenhouse)

WASHINGTON.—Discouraged by recent weak economic reports, Administration officials are nervous that President Clinton's deficit-reduction plan could slow the economy further. But they see no need for an emergency stimulus package because they are confident that growth will pick up in the second half of this year.

Reluctant to start a new battle over economic stimulus after losing one in April—and not convinced that stimulus is needed now—the Administration appears resigned to tinkering around the edges of the budget package to insure that any near-damage it causes to the economy will be minimal.

Administration officials said they would urge House and Senate negotiators, when hammering out a compromise budget plan, to pay attention to how leaving in or lopping out certain provisions, like investment incentives, would affect growth.

ECONOMIC SIGNALS

"I would hope that in the process of reconciliation some thought would be given to

the signals the economy is giving out," Laura D'Andrea Tyson, chairwoman of the President's Council of Economic Advisers, said in an interview.

Ms. Tyson said the Administration would soon lower its growth forecast for this year to about 2.5 percent, down from the 3.1 percent prediction it made in January. But she predicted that the economy would grow at a rate of more than 2.5 percent in the second half of this year, a forecast consistent with those of many private-sector economists. That would be considerably more than the sluggish 1.5 percent growth rate that many economists estimate for the first half.

She said that once President Clinton's budget package wins Congressional approval, growth should accelerate because most of the uncertainties nagging at business would disappear.

Many corporate executives say—and Republicans are quick to echo them—that the uncertainties surrounding President Clinton's budget package and the forthcoming health plan are undermining business confidence and causing companies to hold off on hiring and new investments.

To help protect the fragile economy, some Administration officials want to urge Congressional conferees to delay the increase in personal income taxes to July 1, the date the Senate has approved, from last Jan. 1, the date the House approved. The theory is that this delay would make consumers feel richer and thus more willing to buy new homes and cars. But some officials argue against such a delay, saying it will deprive the Government of revenues and probably do nothing to lift the economy.

The Administration is also considering whether to stretch out the phase-in period for proposed energy taxes.

Administration officials admit to feeling gun-shy about proposing a new stimulus plan after Senate Republicans defeated the President's $19 billion jobs plan last April. Nonetheless, the President is eager not to be viewed the way many Americans viewed President George Bush: as someone who sat on his hands while the economy floundered.

Administration officials point to Mr. Clinton's strenuous efforts at the Tokyo summit meeting to get Europe and Japan to stimulate their economies and help American exports. Unfortunately for Mr. Clinton, growth in those economies is not expected to pick up until next year.

The Administration's view is that President Clinton, by proposing his jobs plan and his $500 billion deficit-reduction package, has demonstrated that he is far more aggressive than his predecessor in seeking to nurse the economy back to health. But some liberal Democrats say that after he campaigned to turn the economy around, the President is not being aggressive enough—and should not have given up his fight for a stimulus package so soon.

Of course, if the economy stumbles for several more months and Mr. Clinton does not take vigorous action to set things right, he might start hearing complaints that he is being as feckless on the economy as Mr. Bush was often perceived to be.

Historically, deficit-reduction plans bit into economic growth by increasing taxes and cutting Government spending. But this time around, Administration officials are optimistic that Mr. Clinton's package will result in faster growth by pushing down interest rates.

Treasury Secretary Lloyd Bentsen has often said that the drop in long-term interest rates of a full percentage point since last November will give the economy a stimulus equivalent to that of $100 billion in extra Government spending.

Ms. Tyson said most of the benefits of lower rates had still not percolated through the economy. Some of the Administration's economic models show that only 30 percent of the benefits of falling interest rates are felt in the first year, with the remaining 70 percent felt in the subsequent years.

The Republicans are not as sanguine about the effects of the President's budget package, asserting that its $250 billion in tax increases will pull the economy back toward recession. They see the tax increases as ammunition they can use in the 1994 Congressional elections.

Appearing today on CNN's "Newsmaker Sunday," Labor Secretary Robert B. Reich acknowledged that taking $500 billion out of the economy through tax increases and spending cuts could hurt the fragile recovery.

LEGITIMATE QUESTION

"If we're taking that much out of the economy in terms of trying to reduce the budget deficit, at the same time we're trying to come out of the gravitational pull of the recession, are we taking out too much too soon?" he asked. "That is a legitimate question."

Ms. Tyson also acknowledged that deficit-reduction plans often slow growth, but she said the drop in interest rates would more than offset this. She said such "fiscal drag" would not become substantial for several years, if at all.

One White House official said it would be inappropriate to float a stimulus proposal now because the Administration is focusing on getting the budget package passed and does not want to see itself—or Congress—sidetracked by controversial new economic issues.

In the view of one senior official, the Administration might consider some special stimulus measures if there are several more months of disappointing economic news.

The consensus among Administration officials is that a few weeks of bad economic reports—coming after huge jumps in employment in April and May—are not enough to send them scrambling to put together a new stimulus package.

"There's been a tendency to overreact to the June employment figures," when the number of jobs rose by just 13,000, one Administration official said.

Many officials say the economy's recent stumbles demonstrate that the Republicans were misguided to kill President Clinton's $19 billion jobs plan. For their part, Republicans respond that the stimulus package was larded with pork-barrel projects and that the recent economic softness has been caused by Mr. Clinton's proposed tax increases and the uncertainties surrounding his budget package.

With the economy stumbling along, one thing many Administration officials do not want is for the Federal Reserve to raise short-term interest rates. Alicia Munnell, Assistant Treasury Secretary for Economic Policy, said she was confident that inflation would remain in control this year and that as a result, a rate increase would not be needed.

Mr. WALLOP. Madam President, it appears that all time has been used. I yield back whatever time may be left.

Mr. DOMENICI. Madam President, parliamentary inquiry. Is there time for the Senator from New Mexico to speak in morning business?

The PRESIDING OFFICER. The Senator from Utah has 30 minutes reserved. The Chair advises there is a vote scheduled at 10:30.

Mr. DOMENICI. I did not see the Senator. I yield the floor.

Mr. BENNETT addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Utah.

SMALL BUSINESS TAKES A LEGISLATIVE BEATING

Mr. BENNETT. Madam President, I rise today because of several reasons. One, it is an anniversary. I have been in the Senate for roughly 6 months, and I think perhaps at this time I might make a review of the first 6 months of my career here.

Second, because I had a question asked of me during the recess that I think summarizes the first 6 months and the two come together. I would like to talk about that for a bit.

I was with a small businessman who was telling me his various problems, asking if there were any relief for some of those problems.

And then he summarized it, after we had our conversation, with this question. He said, Senator, isn't there anybody back there that listens? Isn't there anybody back there that pays any attention to what we are trying to say?

Well, I am not sure anybody is going to listen today, but I ask this question rhetorically, as I give my review of what I have seen this body do in the 6 months that I have been here.

Now, I came here as a small businessman. My career has been in business. I ran a small business, and I promised the people of Utah that I would represent small business. So that is the perspective that I have, and this is what I have seen in the last 6 months.

Small business has received the highest possible rhetorical praise in the 6 months that I have been here, starting with President Clinton and going through virtually every Member of this body. Everybody is in love with small business, if you listen to what they have to say. At the same time, legislatively, small business has received a serious beating, and the net result in my view has been the slowing of job growth just as we are going into a time when everybody says job growth is just what we need.

Now, let me illustrate. Here is an example of the praise that we get from small business. I am quoting from the most recent edition of Fortune magazine. It says:

> Small business is the dynamo of U.S. job growth. Firms with fewer than 500 employees accounted for 10 million of the eighties boom, an extraordinary 1.4 million new jobs. By contrast, the Fortune 500 industrials lost nearly 2 million jobs in that period.

That is the kind of rhetoric we have had.

But there are three areas, in my view, where small business has received the legislative beating that I am talking about, and that is what I am going to discuss today.

We have passed specific proposals in this body, in all three of these areas, that have done damage to small business.

Let me give you the examples. By the way, I find, Madam President, that these three areas are the three areas of greatest misunderstanding on the part of Members of this body with respect to how small business really works, and they are the ones which answer the question that my constituents ask: "Isn't anybody listening?"

These are the three areas where I think people need most to listen.

The first one is regulation. Excessive regulation destroys jobs. And in the 6 months I have been here, I have seen this body pass excessive regulation on small business, very specifically the Family Leave Act, which puts a regulatory burden on small business. We all know the arguments and the details. I wish to put a face on it.

A few weeks ago, I was at a breakfast with a series of small business people and seated next to a woman who owns a small business. And we got to talking. I said, "What kind of business are you in?" She told me. And I said, "How big is it?" She looked at me and she said, "Senator, we are 49 and holding." In other words, we have 49 employees and we will not hire the 50th because as soon as we have that extra employee, the 50th, we qualify for the regulation that you people passed in the creation of the Family Leave Act.

Now, she said, if we did not have the regulatory overhang that comes with 50 employees, I could hire an additional 5, 7, or 10 people. I could do it tomorrow. But I am not going to. We are 49 and holding. And she said, I know a lot of businesses in that same circumstance.

The question I asked her, Madam President: Do we know how many businesses are in the category of 49 and holding, that is, deliberately restricting their growth in order to avoid the kind of regulatory overburden this body has passed? The answer is no; we do not have the statistics. But I suggest—I firmly believe—that there are a number of jobs not being created by people like this woman who says "49 and holding." The real cost of excessive regulation is the loss of potential jobs.

I have a chart here which indicates the annual regulatory costs in the United States, and how they are going up year by year. This is historic as well as projected. It goes back to 1977 and then goes forward in its projections to 1998, based on what we have been doing here in Congress.

The second area where I think small business has taken a beating is excessive taxation. Excessive taxation destroys jobs, in my view. We are talking now again of what has been done in this body in the last 6 months, where we have seen adoption of the President's proposal with respect to what he calls a millionaire surtax. Well, the surtax, we are told, will only hit the rich. It will only hit those who earn $250,000. Those people who made money in the excesses of the eighties now have to pay it back. I have heard that kind of rhetoric on the floor.

Well, who are the rich? Who are these people who made all this money in the 1980's that they now have to pay back? Donald Trump? Michael Jordan? Bill Gates? Undoubtedly, those people will have to pay more. But the fact is that of those tax returns filed in the brackets that qualify as the rich under the definition of this administration, 80 percent—8–0—are filed by S corporations, sole proprietorships, or partnerships. In other words, small business.

Although $250,000 is a lot of money for an individual, $250,000 a year is not a lot of money for a business. It is a business on the edge many times, and yet 80 percent of those people who will see their taxes increased in that circumstance are filing in their business capacity rather than their individual capacity.

This is one of the areas, as I say, of greatest misunderstanding, as fellow Senators say to me: Well, if they are S corporations and they want to get out of it, why not just incorporate? Senators do not realize an S corporation is a corporation. They have already incorporated. They have made the S selection rather than the C selection. I do not want to get into the details of how that words, but they made the S selection because they need the money to grow, and the S selection makes it possible for them not to pay taxes twice on their dividends and their earnings the way General Motors stockholders pay taxes twice.

Partnerships, sole proprietors, S corporations—80 percent of the tax returns are in those brackets that the Government considers rich.

Going back to Fortune for a moment, they summarize it pretty well, talking about the impact of higher taxes on this segment of our economy:

Unlike big companies with access to public capital markets, small outfits have found capital scarce in the 1990's. And when the job dynamo can't get fuel, it sputters out. The inability of small businesses to grow and hire lies at the root of the anemic job growth of the 1990's, a key administration concern.

And now Fortune explains how it works in ways that I hope everyone in the Senate can understand. I have had personal experience with this. I can testify that this is true.

Small entrepreneurs still in the grip of capital crunch despite the administration's pledge to help ease it, now face a tax hike in President Clinton's budget plus an unknown hit from health care reform, and these look more like blows to expansion and hiring.

About half of all small businesses pay taxes either as subchapter S corporations or as sole proprietorships, and they pay at the same rate as unmarried individuals. Consequently, outfits earning more than $115,000—think of that in terms of business now, a small auto repair shop, a family farm—an outfit earning more than $115,000, the level at which individuals become the rich in the administration's eyes, will likely see their marginal tax rates rising from 31 to 36 percent and on earnings over $250,000 to 39.6 percent. Their ability to fund growth out of their earnings will shrink proportionately.

I have some statistics to show the size of what we are talking about here. Here is a chart relating to job growth in the past 5 years. It starts in 1987 and goes to 1992. It is by age, not the age of the individual, the age of the company. Here is where the jobs have come from in the last 5 years.

Companies that are less than 4 years old, the age is zero to 4, have grown at 7 percent; companies that are a little older, 5 to 14, have grown about 6 percent; companies that are 15 years to 30 years in age, have only grown at about 2.5 percent; and companies that are 30 years old or older have shrunk. The job growth has come in the new companies. And as you might suspect, Madam President, the new companies are the small companies.

We go to the next chart. Companies in this 5-year period that have employed between 1 and 19 people, have accounted for over 78 percent of the new jobs created in this country. When they get a little bigger, companies from 20 to 99, are about 25 percent of the new jobs; then the companies between 100 employees and 5,000, about 10 percent.

Now, you say, wait a minute, that adds up to more than 110 percent. Yes. It does because companies with over 5,000 employees have shrunk and have lost jobs by the rate of about 10 to 15 percent. This is where the new jobs are. This is not an estimate; these are past historical data. It is the small companies that have created the jobs, and it is the small companies that are growing, that are reaching the $250,000 threshold who will be paying the increased taxes.

Once again, those are the statistics. As I did when I talked about regulation, let me try to put a face on it. I go once again to the Fortune article that does that for us.

"Over the past 6 years," says Fortune, "Ron Bullock, CEO of Bison Gear and Engineering in Downers Grove, IL, has expanded his company from $7 million in annual sales and 75 employees

to $24 million in sales and 150 employees by heavily investing in R&D and new equipment."

Here is someone in this category, doubled the size of his company in this 5-year period. He is on the chart. This is what he has to say:

"We basically have put every penny we have earned after taxes back into the business here." He reckons that on Bison's $1 million earnings, the new tax rates will take out an additional $115,000 that he will not be able to plow back. That may mean delaying a planned plant expansion. It will certainly mean a hiring freeze. There is no question that excessive taxation as passed by this body in the last 6 months will kill the job growth in Downers Grove, IL.

I have talked about excessive regulation killing job growth, excessive taxation killing job growth. What is left? I said there are three areas where people did not fully understand the impact on small business, three proposals that have passed this body in the 3 months that I have been here that have hurt job growth. The third one has to do with capital availability for small business. We are talking about the increase passed in this body in the capital gains tax rate. Once again, I will give the specifics, put a face on it. But this time I am going to be personal and tell the history of the circumstances in which I played a role.

Some years ago my brother-in-law came to me with an idea. He was in his fifties. He had been laid off from a big corporation. If you will, he was prototypical of the kind of thing that is going on in the economy right now every day. The big corporation was downsizing, there had been a change in the direction, all of the other reasons, but he was on the street and, because of his age, he was not employable. He was looking at really difficult times. But he had an idea and he also had a house, and with the real estate boom in the seventies, he had pretty good equity in his house. He said, "I want to start a business, and I am willing to take out a second mortgage on my house to raise the money for the down payment on the business. Will you help me?"

I said, "Yes, I will be happy to help you."

He went to an investor and asked him for some money. The investor said, "I will be happy to match the amount of money you are putting up as a result of your mortgaging your house." That was enough to get the business started. It was not enough to lease the equipment he needed to make the business go. That is when he came to me. I put a mortgage on my house to guarantee the equipment that had to be leased. That was a very interesting conversation that I had with my wife explaining to her that our house was now a risk on her brother's business ability to make this thing go. Fortunately, she liked him, and we did it.

It is one of these success stories. We came out with that business, we got it started. We sold the stock to the venture capitalist for $1 a share. A few years later, the business was valued at $30 a share. We made it.

The great American success story was repeated once again. I was able to get the lien off my house, used it, pledged it for a downpayment on another business I was involved in.

The venture capitalist came to us and said, "Well, we have had the ride in this business. It has been really good. I have gone from $1 a share to $30 a share. The time has come for me to get my money out and put it into something else, and I have a venture right here that I think I can make 25 percent a year return on, and your business, now that the main growth is over, will flatten out a little. It will only increase about 10 percent a year. I want my money out of the 10 percent a year deal and into the 25 percent a year deal."

We said, "Fine. We can find people who will buy your stock and will be satisfied with a 10-percent return because the risk now is pretty well over. We have gotten over the hump. But let us explain to you what you are doing."

Here, if I might refer to the chart again, we said, "With the present capital gains rates, by the time you pay capital gains taxes at the Federal level and your State tax burden, you are not going to have $100,000."

But for the sake of keeping the numbers simple, let us say he put in $3,000 and it grew to $100,000 as the stock went from 1 to 30. "You now have an equity of $100,000. You are not going to have $100,000 after you pay your capital gains tax if you take the money out of our business. You will have $65,000 because you are going to pay 28 percent to the Federal Government and you are going to pay 7 percent to the State. You are going to end up with $65,000.

"Now, you say our venture will continue to earn 10 percent a year and the new venture that you would invest in would earn 25 percent. Here are the numbers. The first year—we have not compounded these—on $100,000, your investment would go up to $110,000; on $65,000, the first year, at 25 percent, it would go to $81,250. And so on. At the end of 4 years, if you stay here, your investment will be worth $140,000. If you invest in the new venture, even at the 25-percent return for 4 years, you are only at $130,000. You cannot afford to take your money out of our business and put it into somebody else's even though we could find someone willing to invest in our business because of our track record."

What have we done in this body? We have increased the capital gains tax rate so that now he could not even get $65,000 out of that business if he tried.

To show how dramatically the thing would have been changed, if President Bush's proposal to lower the capital gains tax rate to 15 percent had passed, and assuming the same kind of stake money for this fellow and, under those circumstances, the $100,000, the 10 percent numbers stay the same. If he had $80,000 left at 25 percent—the same venture—at the end of 4 years, he would have $160,000 instead of $140,000. You can see how it goes up.

It is the lack of understanding of the impact of the capital gains tax rate that caused this body to increase the capital gains tax rate and lock up investment capital in existing businesses, starving the new businesses from the opportunity to get the capital that they need. The higher capital gains tax rate passed in this body will add to the credit crunch for small business.

Well, there is the summary. In the 6 months I have been in the Senate, I have watched this body increase, not cut, the regulatory burden on small business and thereby discouraging job creation. In the 6 months I have been in the Senate, I have watched this body increase, not cut, the tax burden on small business and thus discourage job creation. In the 6 months I have been in the Senate, I have watched this body increase, not cut, the pressures on investment capital and thus discourage job creation.

Why do we do it? That is the question I was asked by my constituent. I will tell you why we do it. We do it in the name of deficit reduction. All of these things are necessary so we can get the deficit under control. We are told that again and again on this floor.

I am all for deficit reduction. Like everybody else, I ran in a campaign that said let us reduce the deficit. But it is obvious to me that the best way to reduce the deficit is to increase jobs. Workers pay taxes and support the delivery of Government services. People on unemployment consume taxes and use Government services. So why do we do it? Well, we do it because the forecasting system that we use to tell us the effects of what we do is fatally flawed.

This is not going to be a CBO-bashing session. I have great respect for the CBO staffers I have met. They work hard and, in my opinion, they do their very best to be objective, fair and honest, but the system they use, quite frankly, is nuts. We only have to look at the results to see the truth of that statement.

One last chart. This again is from Fortune magazine. The yellow line here—and again I have gone back in history so I am dealing with past facts nor forward conjecture. The yellow line here was the official CBO estimate of what the deficit would be, made in 1989. The red line is reality. That is what has actually happened.

May I ask rhetorically, if you are a businessman and you had put your faith in this forecast, you bought plant and equipment based on this forecast, you hired people based on this forecast, and then you are confronted by these facts, would you go back to the same forecasting firm that gave you this and say "Tell me what is going to happen in the next 5 years?" Of course, you would not.

Why do we do it? Well, it reminds me of an old story that we have heard so often. We have heard the punchline so often it has become a cliche, but it is time to repeat it again and understand the context of the punchline. It is about the miner who was off in the hills, gone for 6 months to a year. He comes out of the hills and has a bag filled with gold nuggets and is excited. He comes into town and says, "I have not seen another human for over 6 months. I have to get some action. Where is the game, the casino; I have to gamble." The fellow in town says, "You know, there is a game over at the Dirty Dog Saloon, but it is fixed; you are guaranteed to lose. So do not go there." About an hour later the local happens to be in the Dirty Dog Saloon, and there is the miner, and he is gambling like crazy and losing. The local says, "What is the matter with you? I told you the game is fixed." He says, "I know, but it is the only game in town."

Well, sometimes we look at this as though it is the only game in town, so we keep making our decisions in this body based on this kind of forecasting circumstance. It is nuts. CBO's estimates are not the only game in town. There is another game that is not fixed, that has met projections that can be used to project the future, and that is the track record of small business creating jobs. That track record is very clear. It is easily documented. In the last 5 years, as we have shown, virtually all of the job creation that has occurred in this country has come from the small businesses that have been beaten up now in the three areas that I have described.

Well, Madam President, as I became a Senator, I got some good advice from another legislator, one who does not sit in this body. He said, "I think you should remember and try to get your fellow Senators to remember that money does not come from the budget; money comes from the economy." There are a lot of politicians who think when they pass a budget, they have created money. When they pass a budget, they think they have created numbers that are etched in stone. Money comes from the economy. And if you want a healthy budget, you must first create a healthy economy.

In the 6 months I have been here, I have seen us do—in the three key areas I have described: regulation, taxation and capital formation—great damage to that portion of the economy that has proven its track record in job creation. For that reason, Madam President, I think the only way out is for us to repeal or reject the work of the Senate for the last 6 months and see if we cannot start all over again and get it right this time.

I yield the floor.

Mr. DOMENICI. Madam President, is there a time certain for a vote.

The PRESIDING OFFICER. A vote has been scheduled for 10:30.

Mr. DOMENICI. Before the new Senator, Senator BENNETT, who has just spoken, leaves the floor, let me congratulate him. Frankly, I am sorry that we have so structured ourselves that there are only a couple of us here on the floor. It seems to me that a lot more Senators ought to hear what the Senator just said, and I hope a lot of Americans heard it. I hope he continues to deliver this message, not necessarily his 6-month message, but the same message for as long as it is true.

I am hopeful that we will come to our senses before we put so many burdens on small business that they will create less jobs rather than more. But in the event we continue down the path we seem destined and dedicated to under this President and with the majority in the U.S. Senate, I hope the Senator will continue to deliver his message—on the one hand a message of hope, because there are enterprising people, men and women who want to make their businesses work so we can hire people.

There are many of them. I just hope we do not destroy that enthusiasm and energy that will truly add jobs for our American people and our standard of living will grow.

I thank the Senator for his excellent remarks. I might say as a Republican I am very proud that Mr. BENNETT joined us and he is now one of our colleagues.

The PRESIDING OFFICER. The Chair recognizes the Senator from Utah.

Mr. BENNETT. I thank the Senator from New Mexico for his very generous remarks and appreciate his leadership in teaching me some of the lessons I have had to learn in the 6 months I have been here. I assure him I will be repeating the same message for the full 6 years I am here if necessary.

Mr. DOLE. Madam President, I wish to congratulate my friend and colleague from Utah, Senator BENNETT, for the outstanding statement he made earlier this morning. As a businessman, he understands the issues he talks about, which I think brings a very good perspective to all the deliberations in this body, whether we happen to be Democrats or Republicans. So I commend him for his effort this morning.

IRRESPONSIBLE CONGRESS? HERE IS TODAY'S BOXSCORE

Mr. HELMS. Madam President, the Federal debt stood at $4,333,686,507,733.04 as of the close of business on Monday, July 12. Averaged out, every man, woman, and child in America owes a part of this massive debt, and that per capita share is $16,871.85.

PATRICK LIPPERT

Mr. JEFFORDS. Madam President, it is with great sadness that I rise today to note the passing of a truly exceptional individual. For nearly a decade, I have had the pleasure and honor of working with Patrick Lippert on a number of projects and have come to recognize his excellence and appreciate the friendship which I developed with him.

Patrick had been a great friend of the arts caucus in part because of his commitment to the congressional high school art competition. His dedication to this project grew, in part from the joy which he received from watching the talented young artists from across the country, many for the first time, experience the greatness of this country—in giving them an opportunity to see how things in Washington work. Thanks to him, each year young celebrities would participate in the opening ceremonies. They too were introduced to politics, yet more importantly, they served as an inspiration for these high school artists, offering them example, encouragement, and praise as well as challenging them to pursue their dreams. He was convinced that young people have an important role to play—be it in voicing their concerns through voting or by being active on specific issues. He committed his life to making sure they were ready for it.

As executive director of Rock the Vote, Patrick used his energy and remarkable disposition to interest the next generation of young Americans and to ensure that they had the opportunity and knowledge to get involved in the political process. Working tirelessly on the motor-voter bill, even while facing his own struggle with a terminal illness, he continued to rally and strive for its passage.

Patrick Lippert was a young man whose commitment was unyielding and his dynamism unmatched. Patrick has left a legacy—his life was an example of what can be achieved through strength of spirit and dedication to a goal. To his family, I offer my most sincere and heartfelt condolences. He will be missed.

MIDSESSION REVIEW

Mr. DOMENICI. Madam President, article 1106 of title XIII of the United States Code requires the President to transmit to the Congress a supplementary summary of his most recent budget prior to July 16. This budget has come to be known as the midsession review.

July 16 is this Friday, and while there are rumors that the President may choose to delay or postpone this midsession review, I have come to the floor to ask he meet the requirement of the law and not delay in submitting this important review. I think I can convince the Senate, and perhaps the executive branch, that he ought to do so because we should have all of the current information about the deficit before we complete our summit, our reconciliation conference. I make this request, therefore, for a couple of reasons.

First, the conference on this reconciliation bill is scheduled to begin deliberations tomorrow, on July 15. This is a very important conference. Big decisions are going to be made about America's future. The decisions made by the conferees should benefit from the latest and best estimates of the budget deficit, tax receipts, and spending levels. The midsession review would provide the conferees with a timely update of these key data items as they assess the need for new taxes or new spending cuts.

Second, one of the President's arguments for the large tax increase in the deficit reduction package he proposed last February was that the deficit estimates had worsened from the time he was campaigning for the Presidency. Before the Congress embarks on a budget conference, I believe the question needs to be asked, if this is still the case. Has the deficit worsened significantly to justify the huge tax increases that would take place from the two bills in conference under the assumption that those kinds of taxes would help our economy and reduce the deficit, neither of which I really believe?

Again, a timely update of the actual budget data in the midsession report would provide us with an answer to the deficit forecast for the current year and beyond.

I cannot do that. My staff and the Budget Committee, both minority and majority, cannot do this kind of projecting with the accuracy that the OMB can.

On this latter point, let me say that there is some evidence to suggest that the deficit for the current fiscal year will be significantly lower than what the administration thought it would be just 3 months ago. In April, the administration projected the deficit for the current year would be $322 billion. We now know that, based on actual Treasury data, with three-quarters of this year complete, that the deficit is very likely to be significantly lower than the $322 billion that the administration said it would be in its April forecast.

While it is always risky to estimate anything around here, we ought to be able to forecast at least the remaining 4 months of this fiscal year with some confidence of not being very far off. And it is my educated estimate that, based on what normally happens in the months of June through September every fiscal year, and with some allowance for the emergency supplemental that will have to occur because of the flooding in this country, that the deficit is going to be $50 billion lower than the administration thought it would be in April.

I believe, instead of the $322 billion that to some extent justified the President moving away from his campaign promises to another plan, I believe the deficit will be around $260 billion to $270 billion, fully $50 billion less than predicted and projected in February.

I do not hold any patent on estimating the deficit, but if I am even close to correct, then I think it is worth the administration's effort to provide us and the American people with the best estimates in this midsession review and to tell Congress what is happening.

From my review of Treasury numbers to date, it is clear that spending to date in this fiscal year is only 1.8 percent higher than the comparable period last year, and this is nominal; that is not plus inflation.

A significant portion of this restraint on spending is because of defense. But it also comes from the area of financial institution funding, banks and savings and loans. As we all know, that was a very large drain on our expenditures. Also, interest payments on our debt are down about 2.5 percent compared to last year because of lower interest rates. But before anyone claims that most of the reductions in the deficit are due to lower interest rates, it has been calculated and confirmed by CBO that these interest rates for this year will cause the deficit to be reduced by less than $3 billion of that $50 billion that I just told the Senate about.

Revenues are the significant thing that have happened. For the first 8 months of this year, they are up nearly 5.5 percent compared to a comparable period last year. The recovery is, indeed, bringing in more revenues. Both individual and corporate taxes are up 9 percent in the first 8 months of this year compared to the same period last year. These are not projections by somebody or anybody. These are real, actual numbers from the Treasury's monthly tabulations.

Now, I do not know if these numbers will hold for the remainder of the year or even if they will continue into the future. It is clear that spending on entitlement programs still is growing at excessively high rates, but it is equally clear that, if we can hold spending to less than 2 percent annually as we have done in the first 8 months of this year, and if, without embarking on any new taxes, receipts could continue to grow at 5.5 percent annually as has happened in the first 8 months of this year, then I might say the deficit will clearly decline and be on a downward path.

That is, but for the entitlement programs, clearly something significant and very good news. Indeed, simple mathematics. A 2-percent annual increase in spending and a 5.5 percent annual revenue increase under existing law with no new taxes would result in a deficit declining well beyond the $200 billion predicted by the President under his plan after the imposition of $250 billion in new taxes.

It is this type of actual numbers and the assessment of what they mean that I think a midsession review could provide Congress before it begins the deliberations on the reconciliation bill.

So I repeat, I believe the law is clear that a midsession review is due to us and the American people on the 16th of this month. I think the administration should provide Congress with this midsession review. I believe they have the numbers and the projections. I think they are done. All they have to do is decide to release them, and I think they ought to do that before the conferees embark on a major new tax scheme.

I thank the Chair and the Senate for the time.

I yield the floor.

Mr. DOLE. Madam President, was leaders' time reserved?

The PRESIDING OFFICER. The Senator is correct.

Mr. DOLE. Madam President, I will reserve the remainder of my leader time.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRAVELGATE

Mr. DOLE. Madam President, the White House's internal review of its Travelgate scandal only gives more credence to those of us who view the administration's scrambling on this one as little more than damage contro'

At least, the White House finally admits that senior political appointees pressured the FBI for political purposes.

At least, the White House admits to an appearance of favoritism and agrees that the travel office employees were treated without sensitivity and decency.

White House officials can describe their efforts as candid and thorough, and they can apologize for all the mistakes and misstatements.

But the American people are not fooled for a minute.

They know that the Travelgate antics demand far more than just an apology: They demand a no-holds-barred, independent investigation. Not by employees of the White House. Not by friends of President Clinton. And not by staff lawyers from the home team.

That is why the New York Times has called for a congressional hearing.

That is why liberal columnist Mark Shields believes an independent probe is necessary.

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And that is why I have written to Attorney General Reno requesting the appointment of a special counsel to get to the bottom of the Travelgate fiasco. Former Attorney General William Barr appointed special counsels to investigate the House bank scandal and the Inslaw case. So, There is plenty of precedent for the special counsel approach.

And, Madam President, there are still plenty of unanswered questions:

Did Harry Thomason, a friend of the President and an investor in an airline charter company, violate the Federal conflicts-of-interest statute?

Were any ethical or legal standards broken when World Wide Travel, a company with close ties to high-level White House officials, was hired to run the travel office on an interim basis?

Did the White House staff or others in the executive branch exert pressure on the IRS to initiate an investigation of Ultrair, the airline charter company that formerly did business with the travel office?

Why did White House staff claim that the travel office investigation was a routine part of Vice President GORE's national performance review, when this clearly was not true?

Did any action taken during the travel office affair violate the Federal statute prohibiting the promise of future employment as a reward for past political activity?

And why did the FBI respond so quickly to the initial White House request for a criminal investigation? Why did three high-level FBI unit chiefs go to the White House to investigate a complaint that should have been handled by an FBI agent in the Washington metropolitan field office?

These are just some of the questions that a special counsel should seek to answer.

So, while the administration is slapping itself on the wrist with its internal reviews and sanitized reports, the American people are slapping themselves on the forehead, wondering what is going on.

When will the Travelgate filibuster finally end?

And how long do the American people have to wait for an independent, impartial review of this sorry episode of mistakes, misstatements, and downright wrongdoing?

Madam President, I ask unanimous consent that my letter to Attorney General Reno requesting the appointment of a special counsel be inserted in the RECORD immediately after my remarks.

I also ask unanimous consent that a letter from FBI Director William Sessions and an editorial that appeared in Sunday's edition of the New York Times be printed in the RECORD as well.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
OFFICE OF THE REPUBLICAN LEADER,
Washington, DC, July 13, 1993.

Hon. JANET RENO,
Attorney General of the United States, Department of Justice, Washington, DC.

DEAR ATTORNEY GENERAL RENO: After reviewing the White House Travel Office Management Review (the "White House Report"), I am more convinced than ever of the need to conduct an independent investigation into the entire Travel Office affair.

I am, therefore, writing to urge you to appoint a special counsel to conduct a thorough review of the events leading up to the firings of the Travel Office employees and the possible White House manipulation of the Federal Bureau of Investigation and the Internal Revenue Service to justify these firings. As you know, you have the legal authority to appoint a special counsel. See 28 U.S.C. 533. There is also precedent for this approach. Most recently, former Attorney General William Barr appointed special counsels to investigate the House Bank scandal and the Inslaw case.

The White House Report raises a number of disturbing questions that merit close scrutiny:

1. Did Harry Thomason, a partner and one-third owner of Thomason, Martens & Richland ("TMR"), an airline charter company that sought business from the Travel Office, violate 18 U.S.C. section 208, the federal conflicts of interest statute? As you know, Section 208 prohibits government employees and "special government employees" from taking actions on matters in which they may have a financial interest.

The White House Report itself suggests that Thomason may qualify as a special government employee. According to the White House Report, Thomason "had been asked to consult on the staging of presidential events and was provided with an access pass of the kind issued to staff, allowing him open passage throughout the White House complex. He was permitted temporary use of an office in the East Wing (White House Report, p. 6)." Thomason's presence in the White House was such an accepted part of daily life there, that "[n]o one objected when he began looking into the affairs of the Travel Office, which clearly extended beyond what he was originally asked to do (White House Report, p. 21)."

The White House Report also suggests that Thomason took specific actions that would benefit TMR. For example:

In early February, Thomason telephoned White House Press Secretary Dee Dee Myers and asked whether the White House charter company business was subject to competitive bidding. Myers assumed that it was, and Thomason told Darnell Martens, his business partner in TMR, to contact Myers (White House Report, p. 5).

In late March, Thomason mentioned to President Clinton himself that "he thought there was trouble in a White House department having to do with travel * * * (White House Report, p. 5)."

In early April, Thomason telephoned David Watkins, the Director of the White House Office of Administration, and told him that he had heard allegations about corruption in the Travel Office (White House Report, p. 5).

On May 10, Thomason asked Watkins about the status of the Travel Office. Watkins said that he had placed a staff assistant, Catherine Cornelius, in the Travel Office. Following his meeting with Thomason, Watkins called Cornelius to ask her to meet with Thomason. Thomason then asked Martens to fax his February memo on the Travel Office to the White House (White House Report, p. 6).

On May 12, Thomason met with Watkins, Cornelius, Deputy White House counsel Vincent Foster, and Associate White House counsel William Kennedy, to express concerns about the Travel Office (White House Report, p. 7).

On May 17, Watkins wrote a memo to White House Chief of Staff Thomas McLarty in which he stated that review of the Travel Office "was accelerated in response to the urgings of Harry Thomason and Catherine Cornelius" (White House Report, p. 10).

Even the White House Report admits that Thomason acted inappropriately. It states that "Thomason should have avoided continued involvement in a matter in which his business partner and his friends in the charter business stood to benefit and in which there was an *appearance* of a financial conflict of interest (emphasis added)." White House Report, p. 21. Some might suggest that Thomason's actions involved an *actual* conflict of interest, rather than the appearance of one, and that Thomason himself stood to benefit as well, not just "his business partner and his friends in the charter business."

2. After the dismissal of the Travel Office employees, did the hiring of World Wide Travel to run the Travel Office on an interim basis violate any ethical or legal standards? I have been informed that World Wide is owned, in part, by Worthen Bank. Worthen is a client of the Rose Law Firm of Little Rock. Kennedy, Foster, Associate Attorney General Webster Hubbell, and the First Lady are all former partners of the Rose Law Firm. It is also my understanding that World Wide Travel is a former client of Watkins.

3. Did the White House staff or others in the executive branch exert pressure on the IRS to initiate an investigation of Ultrair, the airline charter company that formerly did business with the Travel Office? The White House Report admits that Kennedy threatened to go to the IRS, if the FBI did not act on the Travel Office matter immediately. See White House Report, p. 17. According to the White House Report, Kennedy also indicated in his conversations with the FBI that the Travel Office matter was "being directed or followed at the highest levels of the White House." See White House Report, p. 8. Although the White House Report denies any direct White House contacts with the IRS about the Travel Office, were any indirect contacts with the IRS made by other members of the executive branch?

4. Did any action taken during the Travel Office affair violate 18 U.S.C. section 600? As you know, this statute prohibits anyone from promising employment, compensation, or other benefit to any person as a reward for political activity.

5. Did the FBI act properly in its response to the White House request for an investigation into potential wrongdoing in the Travel Office? According to a letter to me from FBI Director William Sessions, dated June 28, 1993, the FBI determined that there was "sufficient predication to initiate a criminal investigation" into the Travel Office on May 14, one day after FBI agents first met with White House officials on the matter and five days before the Travel Office employees were publicly fired.

According to the Sessions letter, the FBI and the Justice Department did not rely at all on the findings of the Peat Marwick auditors, who began their work on May 14. Instead, it appears the FBI concluded that

there was "sufficient predication to initiate a criminal investigation" based solely on a series of conversations and meetings with Kennedy, Foster, and Cornelius, who at no time revealed her own interest in the Travel office. The FBI officials who participated in these meetings are some of the highest-ranking officials in the Bureau—Unit Chief Howard B. Apple, Interstate Theft/Government Reservation Crimes Unit; Unit Chief Patrick J. Foran, Safe Streets/Policy and Planning Unit; and Unit Chief Richard B. Wade.

Do the FBI and the Justice Department normally act so quickly in determining that a criminal investigation should be initiated—in this case, just one day after the first face-to-face meeting with White House officials? Is it standard practice for three FBI Unit Chiefs to involve themselves directly in the decision-making process leading up to a criminal investigation, particularly when the potential "crime" involves some lax accounting procedures and a relatively minor sum—$18,000 in unaccounted-for petty cash vouchers? Wouldn't criminal allegations of this nature normally be handled by non-supervisory personnel in the FBI's Washington Metropolitan Field Office?

Finally, I would like to take this opportunity to express several additinal concerns.

First, the White House Report states the Kennedy initiated contact with the FBI about the Travel Office by telephoning Jim Bourke, an FBI agent with whom he had daily contact on background checks. At the time of the telephone call, the White House Report claims that the White House had a policy in place regulating White House involvement in pending criminal matters, but that it had no policy for dealing with potential criminal matters, such as potential criminal wrongdoing in the Travel Office. The White House Report argues that Kennedy's initial contact with Bourke violated no policy.

With respect to White House policy for pending criminal matters, the White House Report cites a memorandum, dated February 22 and prepared by White House Counsel Bernard Nussbaum, providing that inquiries about criminal matters "will be transmitted by the Counsel's Office to the office of the Attorney General and the Deputy Attorney General." See White House Report, p. 16.

As one of its proposed "reforms," the White House Report cites a new policy providing that "all contacts concerning ongoing FBI investigations or possible criminal activity will occur only between Counsel's Office and the Attorney General, the Deputy Attorney General, and the *Associate Attorney General* (emphasis added)." See White House Report, p. 23.

In my view, adding Associate Attorney General Webster Hubbell to the list of those whom the White House counsel's Office may permissibly contact on criminal matters is a mistake. Quite simply, it suggests the potential for more politics rather than less. As you know, Foster, Kennedy, and Hubbell are all former partners of the Rose Law Firm of Little Rock. They have a prior, independent relationship that could lead to the perception that political considerations will play a role in contacts between the Counsel's Office and the Justice Department.

Second, the White House Report states that the "former Travel Office employees were not interviewed because the Attorney General expressly requested that we refrain from doing so. (See letter from Deputy Attorney General, Exhibit A)." The letter from Deputy Attorney General Philip Heymann to John Podesta, an Assistant to the President, is dated July 1, 1993, the day immediately preceding the release of the White House Report on July 2. Surely, you or someone else within the Justice Department had conveyed your concerns about interviewing the Travel Office employees before July 1. If not, I would appreciate learning why you delayed communicating these concerns until July 1. I think it's fair to assume that the White House Report had been substantially completed by that date. Quite frankly, the letter appears to be an after-thought, solicited by the authors of the White House Report to justify why they had not interviewed the Travel Office employees as part of their internal investigation.

Third, my office recently contacted John Collingwood, the FBI's Director of Congressional and Public Affairs, to request a meeting to clarify some of the points raised by FBI Director William Sessions in his letter to me of June 28, 1993. My staff subsequently received a telephone call from a Mr. Joseph Graupensperger, an Attorney-Advisor in the Justice Department's Office of Legislative Affairs. In this call, Mr. Graupensperger stated that Collingwood would meet with my staff, but that the meeting would be a "one-shot deal" and that the Justice Department "did not intend to send FBI agents to the Hill."

Quite simply, I consider Mr. Graupensperger's comments to be unreasonable, if not outrageous. As Director of the FBI's Office of Congressional and Public Affairs, Collingwood is responsible for fielding inquiries from Congressional offices about FBI matters. That's his job. I also find it highly irregular that three FBI Unit Chiefs and several other FBI agents would be sent to the White House to investigate a matter involving $18,000 in unaccounted-for petty cash vouchers. Yet, when my staff requests a meeting to clarify some ongoing correspondence between myself and the FBI Director, we are told it's a "one-shot deal" and that no further help will be forthcoming.

I would appreciate being informed if Mr. Graupensperger was acting on behalf of someone else in the Justice Department. I would also appreciate knowing if Mr. Graupensperger was acting pursuant to either a formal or informal Justice Department policy.

Attorney General Reno, thank you for your prompt consideration of this request. I look forward to hearing from you soon.

Sincerely,

BOB DOLE.

[From the New York Times, July 11, 1993]

A STEALTHY, EVASIVE CONFESSION

When the White House was getting ready to fire all seven employees of its travel office, why was notice sent to Hillary Rodham Clinton and not her husband the President? And why, even after the public had learned how Clinton friends engineered the travel office flushout, did the staff feed President Clinton the discredited line that the firings were simply economy measures?

These are among many questions that remain unanswered after the White House release of what it styles as a "management review" of the travel office fiasco that unraveled in May. Thomas McLarty, the chief of staff, hoping to contain the scandal, calls his report "complete and thorough."

But his accounting is replete with the "mistakes were made" format of White House dodges of the past. The mistakes, the report insists, were simply bad judgment and inexperience, nothing venal. The report's confessions were delivered almost by stealth on July 2, presumably in hopes that anyone interested in its contents would be safely at the beach. In any event, more than mistakes were made: Misstatements were made and wrongs were committed.

The report commendably concludes that the travel office employees were cashiered without "sensitivity and decency," that assigning a Clinton cousin to replace them "fed the appearance of favoritism" in dishing out a White House perk, and that it was "not a good practice" to give Clinton friend Harry Thomason roaming privileges in the White House and not cut off his interventions for his business associates. But surely more than appearances were involved here. Mr. Clinton's friends and relatives abused their White House access to gain advantages for themselves or for their cronies.

The White House also acquits itself of anything much worse than bad appearances in the abuse of the Federal Bureau of Investigation. The staff summoned an F.B.I. official to bolster insinuations that the travel office, instead of being reshuffled for friends, was under investigation for possible criminality. That maneuver, along with suggestions that the Internal Revenue Service might be called in, didn't just look bad. It was bad.

The White House management study says the First Lady inquired about the travel office and was sent a copy of a memo about the impending firings. No one seems to have asked the nature of her interest. The study also says that Bernard Nussbaum, the White House counsel, and two members of his legal staff attended that key meeting with the F.B.I. official. No one asked why Mr. Nussbaum, the in-house ethical watchdog, didn't intervene to stop the obvious pressure on the bureau to make the travel office look crooked as well as inefficient.

The management study concludes that it was wrong to tell reporters that the F.B.I. was probing for criminality but doesn't repent the rest of the White House tale: that the probe of the travel office began as a routine part of Vice President Al Gore's efficiency survey. President Clinton's staff kept giving him that line to sell to the public long after the public had rejected it.

Attorney General Janet Reno may not find criminal abuse of office when she reads this management review. But the Senate Republican leader, Bob Dole, however, partisan his impulses, is on the right track to call for a Congressional look at this catalogue of mistakes and deception.

FEDERAL BUREAU OF INVESTIGATION,
Washington, DC, June 28, 1993.

Hon. BOB DOLE,
U.S. Senate, Washington, DC.

DEAR SENATOR DOLE: Thank you for your letter of June 7th. Answers to your questions have been prepared based on the internal review the FBI conducted and are attached. Some of the questions are not answered fully because to do so requires disclosing information directly relevant to the substance of the ongoing criminal investigation. It is a long-standing policy of the Department of Justice and the FBI not to disclose the substance of pending criminal investigations. We likely will be in a better position to respond to those questions at the conclusion of the investigation.

The answers to these questions and this response have been coordinated with the Department of Justice. Senator Hatch likewise has submitted questions to the FBI. I have taken the liberty of sharing this letter and the enclosures with him.

Sincerely yours,

WILLIAM S. SESSIONS,
Director.

Enclosure.

1. Your letter states that "on May 12, 1993, William Kennedy, Associate Counsel to the President, called an FBI official with whom he had day-to-day contact on background investigation matters and advised that he needed guidance and assistance on a matter involving possible embezzlement of funds."

In light of this statement, would you please:

a. Provide the name of the FBI official whom Mr. Kennedy contacted on May 12th.

Unit Chief James A. Bourke, Special Inquiry Unit, Criminal Investigation Division (CID).

b. Describe any relevant experience the FBI official may posses on the issue of "embezzlement of funds."

Unit Chief Bourke's position involves background investigations of appointees/nominees by the White House employees and does not involve the issue of "embezzlement of funds." However, he is an experienced Special Agent trained in conducting criminal investigations.

c. Explain whether Mr. Kennedy's contact with the FBI agent followed standard procedures governing White House-FBI contacts on potential criminal matters. Did Mr. Kennedy indicate that his contact with the FBI official had been authorized by someone else within the Executive Branch?

There were no existing policies or procedures governing White House-FBI contacts on the reporting of potential criminal matters. All existing guidance related to ongoing investigations. Mr. Kennedy did not indicate he had been authorized by anyone to make the initial contact.

d. Provide a copy of the Memorandum of Understanding between the White House and the FBI pursuant to which Mr. Kennedy had "day-to-day contact with the FBI on background investigation matters."

A copy of the Memorandum of Understanding, dated 11/10/92, entitled Federal Bureau of Investigation Background Investigations for the President-Elect of the United States of America is attached. (See Tab A)

2. Your letter states that "[o]n May 13th, FBI officials met twice with Mr. Kennedy at his office after Mr. Kennedy declined to discuss the matter further on the telephone. The FBI went to the White House for the purpose of accepting a complaint of possible misconduct."

In light of this statement, would you please:

a. Provide the names and titles of the FBI agents who met with Mr. Kennedy on May 13th. Who at the FBI authorized these agents to attend the White House meeting?

The initial meeting was attended by Unit Chief Howard B. Apple, Interstate Theft/Government Reservation Crimes Unit and Unit Chief Patrick J. Foran, Safe Streets/Policy and Planning Unit, CID. Deputy Assistant Director (DAD) Danny O. Coulson, CID, designated Unit Chiefs Apple and Foran to meet with Mr. Kennedy and he notified Assistant Director Larry A. Potts and Associate Deputy Director—Investigations W. Douglas Gow. The second meeting was attended by Unit Chief Richard B. Wade and Supervisory Special Agent (SSA) Thomas L. Carl, Governmental Fraud Unit, CID. That second meeting was held after consultations with DAD Coulson and DAD Fred B. Verinder, also of CID.

b. Provide the names of everyone with whom the FBI agents met at the White House on May 13. For example, did the agents meet with Ms. Catherine Cornelius? If so, were they advised of her interest in assuming control of the Travel Office? Did the agents meet with Mr. Harry Thomason, Mr. Darnell Martens, or Ms. Penny Sample? If so, were they advised of their involvement in the airline charter business? Please include the names of all Executive Branch employees present, including White House staff.

Unit Chiefs Apple and Foran met only with Mr. William Held Kennedy III. Unit Chief Wade and SSA Carl met with Mr. Kennedy, Mr. Vincent W. Foster and Ms. Catherine Cornelius. Unit Chief Wade and SSA Carl were not advised of any interest by Ms. Cornelius in assuming control of the White House Travel Office. They did not meet with Mr. Harry Thompson, Mr. Darnell Martens, or Ms. Penny Sample. No other employees of the Executive Branch were present.

c. Describe the "complaint of possible misconduct" accepted by the FBI agents. Upon what evidence did Mr. Kennedy base his complaint? Who, within the White House, compiled this evidence? Did the FBI agents recommend a course of action to Mr. Kennedy?

No course of action was recommended to Mr. Kennedy. He was advised that the FBI was only authorized to conduct criminal investigations. The remainder of the questions pertain to matters directly related to the substance of the investigation.

3. Your letter states that "[on] May 14th, Mr. Kennedy on two occasions contacted the FBI by telephone and provided additional information an audit being conducted at the Travel Office and discrepancies being found by the auditors."

In light of this statement, would you please:

a. Identify the names and titles of the individuals at the FBI who were contacted by Mr. Kennedy on May 14.

Both calls were directed to Unit Chief Wade.

b. Describe Mr. Kennedy's representations to the FBI about the "audit being conducted." Did Mr. Kennedy indicate who within the Executive Branch had proposed that an audit be performed? It is my understanding that Peat Marwick conducted only a preliminary review of the Travel Office, not an audit, and that the preliminary review did not begin until sometime in the afternoon on May 14. Peat Marwick subsequently wrote a heavily-qualified report to Mr. Kennedy, dated May 17th.

During the May 13th meeting described in the answer to 2b, Mr. Vincent Foster indicated he intended to have a "performance review" conducted by outside auditors.

c. Describe, if possible, the "discrepancies" that Mr. Kennedy stated were "being found by the auditors" on May 14th.

A response to this question would reveal matters directly related to substance of the pending investigation, which would be inappropriate.

4. Your letter states that "[t]he discussion [with the Public Integrity Section of the Department of Justice] centered around the information received, a preliminary assessment of that information, potential evidentiary issues and the predication for the *investigation*. At that point, the Public Integrity Section agreed with the FBI that there was sufficient predication to continue the *inquiry* (emphasis added)."

In light of this statement, would you please:

a. Provide the names of the officials in the Public Integrity Section and the Fraud Section with whom the FBI consulted.

Mr. Joseph Gangloff, Acting Chief, Public Integrity Section and Mr. Gerald McDowell, Chief of the Fraud Section, Department of Justice (DOJ).

b. Provide a summary, if possible, of the "information received" and the FBI's preliminary assessment of that information."

The information received during the course of the contact directly relates to the substance of the pending investigation. It would be inappropriate to disclose information relating to an ongoing investigation.

c. Provide the names of the FBI officials who determined that "there was sufficient predication to continue the inquiry." Did these officials consult with anyone outside the FBI or the Department of Justice before making this determination?

The initial determination that sufficient predication existed to continue the inquiry was made by Section Chief Thomas T. Kubic. The final determination that there was sufficient predication to initiate a criminal investigation was made by Mr. Gangloff after being briefed by SSA Carl."

d. Provide a copy of the Department of Justice guidelines for determining whether there is "separate sufficient predication to continue an inquiry."

Attached is a copy of the pertinent portions of the Attorney General's Guidelines applicable to FBI criminal investigations. (See Tab B)

e. Explain whether the FBI distinguishes between "investigations" and "inquiries."

The FBI distinguishes between "investigations" and "preliminary inquiries." The FBI Manual of Investigative Operations and Guidelines (MIOG) sets forth in full text the Attorney General Guidelines (attached above), which contain Departmental policy regarding those matters, and further clarifies the distinction between the two operational techniques in conjunction with procedures involved in specific criminal violations. Sections of MIOG which provide clarification of the AG Guideline are attached. *See* MIOG, Part I, Section 7–5 *et seq.* and Section 58–6.2 *et seq.*

An "investigation" may be initiated by the FBI when facts or circumstances reasonably indicate that a Federal crime has been, is being, or will be committed. The standard of "reasonable indication" requires an objective factual basis for initiating the investigation, i.e., specific facts or circumstances indicating a past, current, or impending violation.

A "preliminary inquiry" is conducted solely to obtain the information necessary to make an informed judgment as to whether an investigation is warranted. The investigative techniques employed during the inquiry are generally less intrusive and involve, for example, limited interviews, source contacts, and/or record reviews in response to an allegation or information indicating the possibility of criminal activity. If facts or circumstances, which "reasonably indicate" that a Federal criminal violation has occurred, is occurring, or will occur, have been developed during the preliminary inquiry, an investigation may be instituted.

5. Your letter states that "the White House announced at one of its daily press briefings that the FBI had in fact been called in to investigate and the FBI had been to the White House on May 13th and May 15th."

In light of this statement, would you please:

a. Identify the names and titles of the FBI officials who went to the White House on May 15th. Who at the FBI authorized the FBI officials to go to the White House on May 15th? Who at the White House requested the FBI visit?

SSA Carl and SSA David M. Bowie, Washington Metropolitan Field Office (WMFO)

met with Mr. Kennedy at his request at the White House. Authorization was based on previously detailed discussions within the FBI and the decision by DOJ that sufficient predication existed to initiate a criminal investigation. The meeting was held at the request of Mr. Kennedy.

b. Provide a list of everyone with whom the FBI officials met during their White House visit of May 15th. For example, did they meet with Ms. Catherine Cornelius, Mr. Harry Thomason, Mr. Darnell Martens, or Ms. Penny Sample? Please include the names of all Executive Branch employees present, including White House staff.

FBI personnel met with Mr. Kennedy, White House employee Ms. Patsy Thompson, and auditors from Peat Marwick.

c. Explain the purpose of the White House visit by FBI officials on May 15th. For example, you stated that FBI officials went to the White House on May 13th for the purpose of "accepting a complaint of possible misconduct?" Did FBI officials visit the White House on May 15th for a similar purpose?

The meeting, at the behest of Mr. Kennedy, was to allow FBI personnel to receive a further update about the preliminary findings of the "performance review."

6. Your letter states that "[on] May 19th, the White House, at one of its daily press briefings, publicly acknowledged that the FBI was being called in to investigate financial irregularities in the White House Travel Office. In response to the large number of press inquiries generated as a result of the announcement, the FBI prepared and issued a short press release indicating that the FBI *would review the matter* (emphasis added)." Your letter also states that *"[on May 20th]*, the FBI prepared a more lengthy press 'response' indicating that *the FBI would analyze the findings of the auditors called in by the White House and then decide on the next steps to take in the investigation* (emphasis added)." It is my understanding that the FBI issued a press statement on *May 21st* indicating that "additional *criminal* investigation is warranted (emphasis added)."

In light of these statements, would you please:

a. Provide copies of the FBI press release of May 19th and the press response of May 20th.

Attached are copies of the May 19th press release and the two May 20th press responses used by the FBI. The FBI did not issue a press statement on May 21st. (See Tab C)

b. Explain what the FBI knew on May 21 that it did not know on May 19 and May 20, justifying a public statement of potential criminal wrongdoing by the former employees of the Travel Office? For example, by May 21st, had the FBI already analyzed the findings of the auditors? If so, please describe the scope of this analysis.

The FBI's May 20th press response was modified on May 21st in response to issues developing in the media, i.e., that the FBI had no legitimate basis for conducting a criminal investigation and was intended to make the response consistent with the position that the FBI had taken.

c. Explain what steps the FBI took to evaluate the validity of the "findings of the auditors?" For example, before issuing the May 21st press statement, did the FBI determine whether the "audit" was performed in accordance with generally accepted government auditing standards? Did the FBI make a separate determination that the auditors were independent of the White House, in fact as well as in appearance? Did the FBI first determine that enough time and resources were allocated to perform the audit adequately? Did the FBI base its determination that a criminal investigation was warranted solely on the "findings" of the auditors?

The FBI did not use the report of the auditors to make a determination that sufficient predication existed to conduct a criminal investigation. That determination was made on May 14th, one week before the FBI received a copy of the auditors report. See the answers to question 4 above.

7. Your letter states that "[o]n May 21st, the FBI was receiving media inquiries asking specifically if the FBI believed it had a basis to conduct a criminal investigation. At that point, the FBI began confirming that criminal investigations are carefully governed by Attorney General guidelines and that the threshold for conducting a criminal investigation had been met. * * *"

In light of this statement, would you please:

a. Identify by name and news organization those members of the media to whom the FBI confirmed—prior to the release of the FBI press response by the White House—that the threshold for a criminal investigation had been met. Please identify the FBI official who confirmed these reports.

The FBI does not maintain records reflecting every contact with the media. The FBI receives literally hundreds of contacts on a daily basis that are handled by a variety of officials throughout the FBI. By the afternoon of May 21st, inquiries about whether the FBI believed it was being duped by the White House to lend support for the firing of White House travel office employees had come from the major networks and several major newspapers. Inspector-in-Charge John Collingwood and his staff responded to press inquires by stating the threshold for a criminal inquiry had been met.

b. Describe the threshold that must be met for a criminal investigation to be initiated by the FBI.

A copy of the pertinent Attorney General Guidelines provision is attached. See the answer to question 4d. (See Tab B)

c. Provide a copy of the Justice Department Media Guidelines that govern the circumstances that would allow the FBI to confirm a criminal investigation.

A copy of the Department of Justice Media Guidelines is attached. (See Tab D)

8. Your letter states that "[on the] afternoon of [May 21st], a staff member in the White House Press Office asked the official that oversees the FBI's Press Office to the White House for the stated purpose of ensuring the description used by the White House of the FBI's involvement was accurate and whether it could be said that the FBI believed it had a basis to conduct an investigation. The descriptions given were confirmed as accurate."

In light of this statement, would you please:

a. Provide the name of the staff member in the White House Press Office who contacted the FBI official heading the FBI's Press Office.

Mr. David Levy, White House Press Office staff member.

b. Provide a specific description of the conversation that took place between the staff member in the White House Press Office and the FBI official heading the FBI's Press Office prior to the FBI official's decision to attend the White House meeting. For example, did the staff member in the White House Press Office indicate that he or she was acting on behalf of someone else? Was the FBI official pressured, in any way, to attend the meeting? Did the FBI official express any reservations about attending the meeting, which White House officials have publicly described as a "political strategy session?"

While at lunch, Mr. Collingwood was paged by his office and told that he was being asked to go to the White House Press Office. In a subsequent brief telephone conversation with Mr. David Levy, Mr. Collingwood was asked to go to the White House Press Office in connection with the White House Travel Office matter. Upon arriving at the White House, Mr. Collingwood went to the press office where a meeting was already underway. Mr. Collingwood was advised by Mr. George Stephanopolous that he had been asked to come to the Press Office because Mr. Stephanopolous wanted to ensure his facts were straight and his description of the FBI's involvement was accurate. The meeting was not described as a "political strategy session" to Mr. Collingwood.

c. Explain whether the FBI official received, or sought, authorization from you or from anyone else prior to attending the White House meeting.

Mr. Collingwood acted within his own authority. Neither the Director or other FBI officials were aware he had been summoned to the White House.

d. Provide a detailed summary of what was said at, and who attended, the White House meeting May 21st, including the "descriptions" that were given to the FBI by the White House, which the FBI subsequently confirmed.

The meeting attended by Mr. Collingwood lasted ten to fifteen minutes. It largely consisted of members of the White House Staff conferring, then making a statement and asking if that statement was accurate. The stated purpose of the meeting, as stated by Mr. Stephanopolous, was to ensure the events being described by the White House Press Office were accurate.

Mr. Stephanopolous indicated he understood that the FBI had been called by the White House on May 12th and had come to the White House on May 13th, and again on Saturday, May 15th. Mr. Stephanopolous also said he understood that the FBI had been confirming to the media that it was conducting an investigation and asked whether it could be said that the FBI believed it had a basis to conduct an investigation. All of that was confirmed as accurate.

Those in attendance included Mr. Stephanopolous, White House Press Secretary Dee Dee Myers, White House staff member Dave Levy, and others not known to Mr. Collingwood.

e. During the White House meeting of May 21st, or at anytime during the FBI's investigation into the Travel Office, was the FBI made aware of the participation of the Internal Revenue Service in the investigation? Did the FBI have any contact with the Treasury Department or the Internal Revenue Service concerning the Travel Office investigation?

The FBI was not aware at the May 21st meeting, or anytime thereafter, of an IRS investigation of the Travel Office. The FBI learned of IRS interest in the Travel Office through media reports.

9. Your letter states that "the FBI revised its press 'response' in recognition of the nature of the current press inquiries being received by the FBI and the likelihood that the White House would again discuss that point at the press briefing."

In light of this statement, would you please:

a. Explain how the FBI press response was "revised," including any specific revisions that were made or suggested.

The revisions to the press response are as follows, noting changes are indicated *by underlining*:

On May 20, The FBI prepared the following press response:

"At the request of the White House, the FBI has had preliminary contact with the White House and the auditors brought in to audit the White House Travel Office. We anticipate receiving the final report of the auditors soon and will analyze their findings and conduct appropriate investigation. Beyond that, we are not in a position to comment."

Later, on the afternoon of May 20, the press response was modified to read as follows:

"At the request of the White House, the FBI has had preliminary contact with the White House and the auditors brought in to audit the White House Travel Office. We anticipate receiving the final report of the auditors soon and will analyze their findings to *determine the next steps in the investigation.* Beyond that, we are not in a position to comment." (changes indicated in italic)

This modification was made to be more consistent with what was being stated.

On May 21, the response was modified again as follows:

"At the request of the White House, the FBI has had preliminary contact with the White House and the auditor brought in to audit the White House Travel Office. *The contact produced sufficient information for the FBI to determine that additional criminal investigation is warranted.* We anticipate receiving the final report of the auditors soon and will analyze their findings to determine the next steps in the investigation. Beyond that, we are not in a position to comment." (changes indicated in italic)

This modification was made by Mr. Collingwood subsequent to his return from the White House. The modification was done with a two fold purpose: 1) to reflect the fact the FBI did have a predication for a criminal investigation; 2) to respond to press inquiries to the effect the FBI had been "duped" into supporting a White House decision to fire the staff of the Travel Office and to replace the staff with political appointees and a relative of the President be placed in charge.

b. State whether any White House official suggested or requested the revisions. If so, please provide the text that the White House proposed to add to the press response and the text that the White House proposed to delete from the FBI draft. Please identify the White House official or officials who may have made these suggestions or requests.

Mr. Collingwood did not believe that anyone had either asked or suggested that he change the response.

c. Provide a detailed summary of the "current press inquiries" that were then being received by the FBI.

Almost as soon as the White House publicly stated that the FBI would be called in to investigate financial irregularities at the White House Travel Office, the FBI began receiving inquiries from the media concerning the extent of the FBI involvement, the basis of the FBI's involvement, and whether the investigation was a criminal investigation. The reference in the June 2nd letter from Director Sessions to "current press inquiries" was a reference to a focus by the media on the issue of whether the FBI was being used by the White House to provide a legitimate basis for firing White House Travel Office employees.

10. Your letter states that the "White House unexpectedly distributed the response."

In light of this statement, would you please:

a. Explain why the distribution of the response by the White House was "unexpected."

A press response is normally used for internal guidance and assistance for FBI employees in responding to press inquiries. A press release is a statement which is affirmatively distributed to the media, even in the absence of an inquiry.

b. Explain the extent to which FBI officials instructed White House officials that distribution of the press response would be inappropriate.

The White House had received the original press response, as well as the first revision. It is generally understood that responses are for the purposes of providing guidance and are not to be released. This was never discussed.

c. Describe assurances, if any, provided by White House officials that the response would, or would not, be distributed to the media.

The response was not intended to be used as a press release and was drafted to be used by the FBI to respond to inquiries. The FBI was not advised that the White House was going to release the response and on prior occasions when informational copies had been provided, they were not released. See the aforementioned June 2nd letter.

d. Explain why the press response was on Justice Department stationery if it was not intended for public release. Is it customary FBI practice to propose press responses on Justice Department stationery?

That was the customary FBI practice.

e. List and describe any contacts or communications between White House officials and the FBI after the response was unexpectedly distributed to the media.

The FBI has had contact with White House personnel during the course of the criminal investigation. The substance of those conversations and interviews pertained directly to the substance of the investigation. On Monday, May 24th, Mr. Collingwood spoke to Ms. Dee Dee Myers who confirmed that the White House Press Office had in fact, released the FBI press response.

11. Your letter states that it "is our practice [to issue a press release] only with high profile investigations that have been confirmed publicly by a credible source or with other major investigations. . . . Recent examples include the bombing of the World Trade Center, the investigation into allegations of tampering with then presidential candidate Clinton's passport files, and the murder of U.S. Court of Appeals Judge Vance."

In light of this statement, would you please:

a. Provide copies of all press responses and press releases issued in connection with these investigations.

The FBI makes public statements about pending investigation as described in Director Session's June 2nd letter. For example, during the investigation of the New York World Trade Center bombings, FBI officials appeared on many national news shows, gave many interviews and participated in frequent news conferences. Comments take the form of oral statements, speeches, and interviews as well as written releases and responses. Attached are various items reflecting those comments as well as other pertinent examples. (See Tab E)

U.N. PEACEKEEPING AND NATION BUILDING: THE LESSON OF SOMALIA

Mr. PELL. Madam President, a recent article by Jonathan Moore, the former U.S. Coordinator for Refugee Affairs and Ambassador at Large, who also served as a member of the U.S. delegation to the United Nations, discusses the new challenge that faces the world: How to combine U.N. peacekeeping with the urgent need for reconstruction and development summed up in the concept of nation building.

Writing in the June 30 Los Angeles Times, Ambassador Moore describes how the United Nations "is struggling to combine its efforts to stop war and feed people with its efforts to promote—indeed, sponsor—political, social, and economic rehabilitation." He cites Somalia, Cambodia, Afghanistan, and Mozambique as places where this new set of challenges is especially immediate.

Ambassador Moore writes: "Is the United Nations getting too ambitious? It has no choice but to try."

Ambassador Moore recognizes that the interconnectedness of peacekeeping and nation building is both mind boggling and purse threatening, and that we have a tendency to resist its inherent complexity and the implicit commitment it demands of us. He cites Somalia as a place where the United Nations' deliberations on whether relief required security, or security required relief were resolved by the startling discovery that each was dependent on the other.

He writes:

> The United States was mistaken in its plan to get the Marines in and out of Somalia fast, then turn over mop-up responsibilities to the United Nations. The Marines did a good job. The fighting was stopped. The starving were fed. But the security and stability the Marines created was incomplete and superficial. The United Nations was neither prepared nor equipped to take on the far-tougher countrywide assignment.

There is a lesson here, and it is that the United Nations needs to look to the wider obligation it undertakes with its traditional peacekeeping role. It is not enough to see this responsibility as something that can be accomplished by a short-run military action. Rather, from the start it needs to address the broader and longer term challenge of reconstruction, the task Ambassador Moore identifies as nation building.

Our initial intervention in Somalia, while laudatory in its humanitarian purpose, can be seen as having been too modest—or alternatively, not modest enough. We should have recognized the broader obligation of helping the Somali people establish the peaceful structures of a working government and economy, rather than thinking our forces could accomplish their purpose by a substantial, but by its own terms brief, intervention. This not only failed

to address the broader needs but also may have contributed to the current problems of a deteriorating security situation with United States and other outside forces incurring the wrath of many Somalis as we carry out continuing military operations against a dissident warlord.

Perhaps the intervention should have been truly limited to policing the safe movement of food and other humanitarian supplies and their distribution by the United Nations, the Red Cross, and other organizations. Such a modest goal would not have raised expectations for the continuing involvement that we now have.

But once it was clear that we and the United Nations would be in for the long haul, then we should have addressed up front the broader responsibilities of nation building that Ambassador Moore describes so well.

Madam President, I ask unanimous consent that the full text of the June 30 Los Angeles Times article by Ambassador Moore be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

U.N. TURNS TO BUILDING NATIONS

(By Jonathan Moore)

WASHINGTON.—The post-Cold War world is forcing the United Nations to dramatically enlarge its peacekeeping role. Its chief—and best known—mission of providing emergency assistance and resolving conflicts still comes first. But what is becoming increasingly clear is that unless that undertaking is reinforced by restoration and reconstruction programs—nation-building—failure will surely come, either now or later. If a country cannot be helped—and guided—in its transition from chaos to a sustainable government and economy, it will revert to violence and deprivation, and the peacekeepers and humanitarian workers will have to return. Peacekeeping and nationbuilding are inseparable.

In Somalia, Cambodia, Afghanistan and Mozambique, for example, the United Nations is not simply keeping the peace. It is struggling to combine its efforts to stop war and feed people with its efforts to promote—indeed, sponsor—political, social and economic rehabilitation. This is a long-term and high-cost undertaking. It is a much more difficult, much more complicated and much less understood mission. Is the United Nations getting too ambitious?

It has no choice but to try.

There are several manifestations of the U.N.'s changing role. The wrestling and wrangling evident in the Security Council's early Somalia deliberations on whether relief required security, or security required relief, was resolved by the startling discovery that each was dependent on the other. Similarly, the success of security and relief will not be sustained without political and economic rebuilding. For example, the warlords in Somalia must be replaced or combined with clan elders and other representative leadership to form a government, and jobs must be created, crops harvested and social services reinstituted. Lack of progress at any stage will grease the slide back into chaos.

The truth of this interconnectedness of peacekeeping and nation-building is both mind-boggling and purse-threatening. We resist its inherent complexity and the implicit commitment it demands of us.

The United States was mistaken in its plan to get the Marines in and out of Somalia fast, then turn over mopup responsibilities to the United Nations. The Marines did a good job. The fighting was stopped. The starving were fed. But the security and stability the Marines created were incomplete and superficial. The United Nations was neither prepared nor equipped to take on the far-tougher countrywide assignment. Now, the U.S. military is active again in Somalia, with relief and rehabilitation programs effectively suspended, because the country's violent factions were not disarmed and a political restoration had not effectively begun.

Bosnia is, in many ways, a different case, where war is rampant—security and relief efforts are far more daunting and fragile—and the state of economic, social and political development is much more advanced to begin with. To the extent that the United Nations is engaged in nation-building there, it is in the form of activities—political and map negotiations—preliminary to it.

The United Nations recognizes that it is not enough to alleviate the terrible symptoms of a collapsing country. The underlying causes also have to be redressed. There is simply no way to abbreviate the process if dependence is to be shed and self-sufficiency is to be built. This must be done collectively, and can't happen quickly or without the cooperation of the indigenous population.

But the member states who authorize the United Nations to undertake comprehensive action in Somalia and elsewhere have demonstrated neither the will nor the capacity to back up their Security Council resolutions with the political, financial and institutional power necessary to give the efforts they endorse a decent chance at success. So the United Nations' intensified peacekeeping and simultaneous nation-building proceed on a lick and a prayer—with little margin for error, hoping for a miracle, but expecting plenty of blame in the event of failure. "Overstretched" as a description of the U.N. presence in Somalia, and in several other countries with similar problems, is a naive understatement.

What the new U.N. challenge comes down to is bringing an afflicted country to the point where it is not automatically doomed and has a fair chance to survive on its own. The 10 priorities listed in the U.N. Office for Somalia's preliminary relief and rehabilitation plan flush out this role. Among them are the re-establishment of regional and local administrative capacities, the reintegration of refugees and displaced persons, restoration of public health and sanitation systems and basic education. The U.N. efforts in Mozambique, Cambodia and Afghanistan are similarly far-reaching, with electoral, disarming and human-rights responsibilities added. In all these countries, conflict is continuing or is threatening to break out again, and the national government is either nonexistent, transitional or fragile. The United Nations is playing a surrogate role.

There are, of course, many other countries where the United Nations is keeping the peace and helping to build a nation. But both the differences in internal circumstances and in the degree of international recognition and response are confounding. Sometimes, the United Nations is present in force; other times, it is virtually absent. El Salvador is a "success." Angola is a "failure." Sudan is a fundamentalist trap. Liberia will be left to the region. What about Zaire? What about Haiti? The former Soviet Republics seem to be in another world. Bosnia-Herzegovina and the rest of former Yugoslavia are caught in a special hell between internal hatred and intransigence and external cynicism and timidity.

The question of by what authority the United Nations intervenes in conflicts and humanitarian emergencies and engage in nation-building is a related problem. In most cases, U.N. assistance will be in response to a request from a needy country, or incorporated into peace accords, as in Cambodia and Mozambique. In some cases, there may not even be a sufficient local authority, as in Somalia. Where a national government or indigenous political factions resist or oppose U.N. involvement, as in Bosnia, the Security Council most dramatically faces the issue of national sovereignty. This usually requires a finding of a threat to international peace and security, and the United Nations must, in any event, assess its own political consensus, will and assets before taking action.

We don't know what will constitute the Security Council's criteria for future candidates for intervention. The variables are too complicated to calculate: the degree of consensus among the major powers; willingness of the United States to use its military forces; source of the request; nature of the threat to international peace and security; potential viability of the given state; conditions for warfare; geopolitics; prospect of large losses of life, and so on.

Which brings us to money. On top of shortfalls and deficits as a result of peacekeeping operations, there is certainly not enough money for sustained nation-building. In Somalia, a March appeal for $150 million for relief and rehabilitation in 1993 has attracted only $35 million. In Cambodia, a request for more than $800 million to pay for rehabilitation programs has drawn about $150 million. Mozambique looks better, with pledges from international donors currently approaching the estimated $300 million a year needed for relief and rehabilitation. But in Afghanistan, no special appeal for rehabilitation has even been issued to the international community.

What the United Nations is obliged to do by logic and the basic tenets of its Charter, it cannot pay for. It lacks the political and financial support to do what it is urged to do by its noble mandate—to keep and build the peace—and by its authorities—providers and recipients. So, it goes ahead and tries anyway, on the cheap.

It is difficult to predict what will happen. There are two alternative scenarios, and both are menacing in their own way.

The first is adequate support for the United Nations to carry out its aspirations. This would require a transformation in perception, values and behavior among the relatively rich and developed, as well as among concerned poorer, nations—which is unlikely to materialize. Or, the United Nations is forced to make painful choices to live within its means. This would require a pulling back and sorting out—selective criteria, triage, exclusion of certain kinds of needs now expecting to be addressed—and would cause demoralization, disillusionment and divisiveness.

The concept of global interdependence—a sense that the prosperity or tragedy of nations across the globe infect each other—remains an empty vessel employed in rhetoric but not operationalized as policy. Whether the international community will have the moral imagination and courage to meet this challenge is another story.

LIFTING THE TRADE EMBARGO ON VIETNAM

Mr. PELL. Madam President, the recent decision by President Clinton to allow international financial institutions to extend loans to Vietnam is an important first step in the process of normalizing America's relations with Vietnam. It is a step away from a policy that for too long has been dictated by the pain of the past and toward a policy that recognizes the realities of the present. I encourage President Clinton to continue this process by lifting as soon as possible the United States trade embargo on Vietnam, and, ultimately, normalizing relations with Vietnam.

In March, Senator LUGAR and I wrote a letter to the President urging him to take these very steps. I am pleased that he is moving in this direction. In that letter, we told the President that further resolution of the prisoner of war/missing-in-action issue, so long used as an argument against normalization, would, in fact, be aided by a closer relationship with Vietnam. It is within Vietnam's capability to do much more in assisting the resolution of the POW/MIA issue, but the prospects for success will be enhanced through intensified American and international contact with Vietnam.

I also believe that further engagement with Vietnam will enable us to influence Vietnam to improve human rights. Amnesty International has documented the continued arrest of prisoners of conscience, such as the detention of people for the peaceful expression of their religious beliefs. I believe that we will have greater influence on Vietnam's human rights situation with normalization than we would without such relations.

Finally, I urge President Clinton to lift the trade sanctions that the United States, alone of all the world's nations, still employs, so that American business will be able to compete more effectively with other countries and other international businesses for the promising Vietnamese market. By allowing American companies into Vietnam, the President will be helping not only the American economy by providing it a new, growing market for its goods, but helping the Vietnamese people, who have suffered in one of the world's poorest and most authoritarian nations for too long.

I believe that, rather than an obstinate and cold silence, it will be an aggressive and enlightened bilateral and multilateral dialog with Vietnam that will eventually result in democratic change in Vietnam, and achieve a more complete resolution of the POW/MIA issue. Therefore, I applaud President Clinton's first step toward ending Vietnam's economic isolation from the world community and encourage him to take the further steps toward normalization needed to help alleviate the continued suffering of the Vietnamese people.

DIRECTOR OF INTERNATIONAL MIGRATION ORGANIZATION CALLS FOR POLICY TO ADDRESS CAUSES OF CROSS-BORDER MOVEMENTS

Mr. PELL. Madam President, Mr. James N. Purcell, the distinguished American expert on refugee and migration issues who was recently elected for a second term as Director General of the International Organization for Migration [IOM], headquartered in Geneva, has written a thoughtful analysis setting forth a framework for a world policy for orderly migration.

Writing in the July 8 International Herald Tribune, Mr. Purcell notes that many governments, including the United States, are undertaking stronger measures to enforce border controls against migration. Mr. Purcell writes:

> But the flow of migrants cannot be turned off and on at will. Isn't it time to focus on the reasons pushing the huge number of people to seek asylum? Isn't it time for a policy that addresses causes, rather than adopting measures that react to effects?

Mr. Purcell, a former Director of the U.S. State Department Bureau for Refugee Programs and a senior analyst on these issues at the Office of Management and Budget, has had an unparalleled combination of senior management responsibility and firsthand experience with international refugee and migration issues. His article sets forth a blueprint for action including these points:

International development aid should target migration-producing countries;

There should be information programs directed at potential migrants;

Migration structures need to be strengthened and coordinated in sending and receiving countries; and

Migration policies need to deal with different categories including humanitarian resettlement, labor-based migration, and temporary and return migration.

Mr. Purcell writes:

> Migration is clearly a global issue. It requires a coherent strategy, not a patchwork of hastily conceived policies. The migration system we have today, developed in the aftermath of World War II, needs to be rethought. Serious consideration is needed of the relationship between national migration policies and overall domestic and international aid, trade and growth policies.

I request that Mr. Purcell's article from the July 8 International Herald Tribune be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE WORLD NEEDS A POLICY FOR ORDERLY MIGRATION

(By James N. Purcell)

GENEVA.—Many Western nations feel besieged by migrants knocking on their doors and landing illegally on their shores. Unprecedented numbers of asylum seekers are clogging the political machinery that was intended to help them. And migrant workers who were welcomed in an era of economic prosperity are now ostracized in their adopted countries.

France and Germany have enacted restrictive immigration laws, and the United States is considering tougher enforcement at the border.

But the flow of migrants cannot be turned off and on at will. Isn't it time to focus on the reasons pushing the huge number of people to seek asylum? Isn't it time for a policy that address causes, rather than adopting measures that react to effects?

The opportune moment is at the Group of Seven summit meeting in Tokyo. The leaders can fore a solution if they only take up the challenge.

A blueprint for action could consist of these points:

International development aid has to target migration-producing countries. The goal is to increase job and wealth creation, fostering development. True commitment is required to achieve this goal. In addition, there must be clearer recognition of the links between internal and international migratory trends, and better early warning systems. The migration variable must be incorporated into development aid and demographic planning.

Programs should be designed to disseminate credible information to potential migrants about opportunity, including legal requirements. The goal is not necessarily to dissuade would-be emigrants but to provide the basis for informed decisions.

Governmental migration structures need to be strengthened in sending and receiving countries. This would entail international information-sharing and cooperation.

Migration policies have to be revised to better match external pressures and domestic needs Humanitarian settlement categories must be maintained, but labor-based migration also needs to be addressed. Return migration and temporary migration linked to training, ideally designed as part of overall development strategies, such as by financing of small-scale enterprises.

Migration is clearly a global issue. It requires a coherent strategy, not a patchwork of hastily conceived policies. The migration system we have today, developed in the aftermath of World War II, need to be rethought. Serious consideration is needed of the relationship between national migration policies and overall domestic and international aid, trade and growth policies.

The industrialized nations have been responding to migration pressures resulting from war, economic dislocation, population growth and uneven distribution of income and opportunity. Expensive systems have been set up to support and deal with compelled migrants while solutions, usually temporary, are sought.

But the donor community has been unable to deal with the problems of the developing world, which generates most of the compelled migrants.

An orderly migration system should aim to bring a sense of planning to that migration which nations or circumstances decide. It would see the interactions between economic developmental, demographic and human rights policies on the one hand and possible immigration consequences on the other. And it could offer increased predictability, giving nations greater capacity to offer emergency and/or humanitarian solutions when they are required.

An orderly migration system would also help clarify who does not qualify for immigration.

In the short term, greater efforts will be required of the industrialized nations to assist the dignified return of foreigners who do not qualify for permanent immigration, in particular unsuccessful asylum seekers.

One crucial point should not be overlooked. Nations need migration policies that they can live with, that can be amended to reflect the needs and capacities of the time. But each country needs to know where it is headed, how it will justify its difficult choices, how it will coordinate its actions with those of its international partners. Even today many industrialized countries have no formal, recognized migration policies.

The absence of an articulated policy leaves migration to chance. Not to have a clear migration policy can send out false messages of hope to some and create unnecessary fear for others. The meeting in Tokyo would be a good place to begin to fill these gaps.

NEW DIRECTIONS IN AMERICAN-CHINESE RELATIONS

Mr. PELL. Madam President, today's New York Times carries an interesting opinion piece authored by University of Michigan Prof. Kenneth Lieberthal entitled "Forget the Tiananmen Fixation." I request that a copy of his article be printed in the RECORD.

While no one can forget the terrible tragedy in Tiananmen Square, Professor Lieberthal makes several constructive suggestions concerning relations between the People's Republic of China and the United States. I visited China late last year and was impressed by the strong economic progress that has been made there. I would agree with Professor Lieberthal that we need to establish a new foundation for our policy toward China which, in his words, "maximize[s] our overall effectiveness."

I would encourage President Clinton's efforts in this regard and am eager to work with the administration as they advance their dialog with China on human rights, proliferation, and trade issues.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, July 14, 1993]

FORGET THE TIANANMEN FIXATION

(By Kenneth Lieberthal)

ANN ARBOR, MI.—The U.S. should stop punishing China for the massacre of demonstrators in Tiananmen Square in 1989. China is too important to make this the pivot of our policy.

China—a nuclear power with intercontinental ballistic missiles and a permanent member's seat on the United Nations Security Council—has enormous capacity to do mischief on the world stage.

Besides, China contains 22 percent of the world's population and has perhaps the world's third largest and most rapidly expanding economy. Unlike Japan and the four "tigers" of East Asia—South Korea, Taiwan, Hong Kong and Singapore—China has an entire continent to develop, and this will provide major opportunities for foreign business.

America alone among the industrial countries still imposes sanctions because of the massacre. In May, President Clinton slightly modified our policy. He achieved bipartisan support in the Congress to renew China's most-favored-nation trade status without conditions this year. But he also tied renewal of that status in 1994 to Chinese progress on specific human rights and trade issues. He also suggested that he is seeking additional channels in which to resolve issues such as allegations of proliferation of Chinese missile and nuclear technology.

While Mr. Clinton's incremental steps are welcome, our approach needs a new foundation, not minor tinkering. We should stop viewing everything in terms of rewarding and punishing China and try instead to maximize our overall effectiveness in dealing with Beijing.

The President ought to take the following steps:

Declare that America has a national interest in a China that is reform-minded, stable, modernizing and that plays a constructive international role.

This could shift our relationship from constant niggling to a focus on broad mutual strategic interests. Without this change, our relations will remain deeply troubled and fragile.

Renew regular cabinet-level contacts between both governments.

Our refusal since the crackdown to deal regularly with Beijing at the cabinet level imposes a very high cost on relations. No Clinton Cabinet secretary has visited China in the past two years in any capacity—but China has changed enormously in that time. Cabinet contacts greatly increase mutual understanding. Besides, almost without exception recent Congressional visitors have found China more vibrant and open than they had expected. But virtually no top Chinese leader has heard the views of his U.S. counterpart argued forcefully and directly, and this does us little good. High level visits also force both bureaucracies to resolve issues, which makes the whole relationship more dynamic.

Renew direct military-to-military contacts.

China's military is extremely important politically, especially in view of the impending succession. Its officers deeply resent our refusal since Tiananmen to deal directly with them. We discuss nonproliferation matters with the Foreign Ministry, but the military appears to delight in demonstrating that the ministry does not speak with authority on such issues. This may be affecting the military's decisions on some weapon and missile sales, especially those controlled by the military itself, from current stocks.

Establish a bilateral human rights commission to discuss broad human rights issues and specific cases of rights violations regularly.

Nothing will quickly change China's grossly inadequate record on civil liberties, as further evidenced by the arrest of Fu Shenqi, an outspoken Shanghai dissident, on June 26. But this commission would keep the issue on the agenda and might make the successors to Beijing's gerontocratic leadership more amendable to considering international standards on human rights. There is evidence that Beijing would agree to formation of such a commission.

Drop restrictions on providing assistance to China in the United States-Asia Environmental Partnership, led by the Agency for International Development.

China's huge size, rapid economic growth and coal-based energy structure will make it a prime source of increased global environmental damage during the decade. We cannot deal realistically with environmental issues in Asia without cooperating with China in this arena.

In short, China can vastly complicate or simplify international efforts to insure peace, to control proliferation of weapons and to deal with environmental change.

Beijing's actions are especially important for East and Southeast Asia. Instability in China would more likely increase the flows of refugees than usher in democracy.

In sum, America must be tough and effective with Beijing in the 1990's. We can do both only by putting the Tiananmen fixation behind us.

IN MEMORY OF JAY YORK

Mr. DURENBERGER. Madam President, I rise today to ask my colleagues to join in remembering Jay York, former president of the National Rural Electric Cooperative Association, who died of a heart attack on July 3.

Jay York was a member of the class of 1940 at Lake Wilson High School, continuing his education at what is now St. Cloud State University. He served America as a member of the U.S. Marine Corps from 1943 through 1946.

I had the honor of working with Jay during his tenure as president of the Cooperative Power Association in Eden Prairie, MN, to which he was able to dedicate a good deal of time and energy—despite the demanding responsibilities of running his own local electric cooperative, Nobles Cooperative Electric based in Worthington, MN. In addition, since 1947, Jay operated his own farm in Lake Wilson.

For many years, I had the greatest admiration for Jay's commitment to rural electric cooperatives and to his goal of supplying affordable power to much of west-central and southern Minnesota.

Jay shared his life and his successes with his wife, Doris, who died last February, and his five children—Lee, Jim, Lois, Marcia, and Jennifer. I have known Jay for many years, and I join his many friends and relatives in saying that he will be greatly missed.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

HATCH ACT REFORM AMENDMENTS

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of the bill, which the clerk will report.

The legislative clerk read as follows:

A bill (S. 185) to amend title V, United States Code, to restore to Federal civilian employees their right to participate voluntarily, as private citizens, in the political

processes of the Nation, to protect such employees from improper political solicitations, and for other purposes.

The Senate resumed consideration of the bill.

Pending:

Roth amendment No. 563, to clarify the penalties for a violation of the Act.

AMENDMENT NO. 563

The PRESIDING OFFICER. Under the previous order the question now occurs on the amendment of the Senator from Delaware [Mr. ROTH].

The question is on agreeing to the amendment of the Senator from Delaware. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Iowa [Mr. HARKIN], is necessarily absent.

Mr. SIMPSON. I announce that the Senator from Iowa [Mr. GRASSLEY], the Senator from Vermont [Mr. JEFFORDS], and the Senator from Virginia [Mr. WARNER], are necessarily absent.

I also announce that the Senator from Pennsylvania [Mr. SPECTER], is absent due to illness.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 88, nays 7, as follows:

[Rollcall Vote No. 193 Leg.]

YEAS—88

Akaka	Exon	McCain
Baucus	Faircloth	McConnell
Bennett	Feinstein	Metzenbaum
Biden	Ford	Mikulski
Bingaman	Glenn	Mitchell
Bond	Gorton	Moseley-Braun
Boren	Graham	Moynihan
Boxer	Gramm	Murkowski
Bradley	Gregg	Murray
Breaux	Hatch	Nickles
Brown	Hatfield	Nunn
Bryan	Heflin	Packwood
Bumpers	Helms	Pell
Burns	Hollings	Pressler
Byrd	Hutchison	Pryor
Chafee	Inouye	Reid
Coats	Johnston	Riegle
Cochran	Kassebaum	Robb
Cohen	Kempthorne	Rockefeller
Conrad	Kennedy	Roth
Coverdell	Kerrey	Sarbanes
Craig	Kerry	Sasser
D'Amato	Kohl	Simpson
Danforth	Lautenberg	Smith
Daschle	Leahy	Stevens
DeConcini	Levin	Thurmond
Dodd	Lott	Wallop
Dole	Lugar	Wofford
Domenici	Mack	
Dorgan	Mathews	

NAYS—7

Campbell	Lieberman	Wellstone
Durenberger	Shelby	
Feingold	Simon	

NOT VOTING—5

Grassley	Jeffords	Warner
Harkin	Specter	

So the amendment (No. 563) was agreed to.

Mr. GLENN. Madam President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MITCHELL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the minority leader.

EXPLANATION OF ABSENCES

Mr. DOLE. Madam President, let me indicate the Senator from Iowa [Mr. GRASSLEY] missed this vote, the first vote he has missed in a long, long time. He may miss other votes today, but he really has no choice in the matter.

The President of the United States is in Des Moines, IA, his home State. They are ravaged with floods all over the State of Iowa, and Senator GRASSLEY is necessarily absent today because of the catastrophic conditions in his home State, where he is, and where he should be at this very moment.

Mr. President, Senator WARNER is necessarily absent. He is with one of his children, who has undergone major surgery. The operation was a success and Senator WARNER will be returning later today.

Ms. MIKULSKI. Madam President, as a cosponsor of the Hatch Act reform amendments, I strongly urge my colleagues to vote for this bill.

Federal employees are citizens and should possess all the rights of citizens, including the right to participate in the political process.

This is a good, reasonable, balanced bill. It restores to Federal employees the right to participate in political activities in their spare time, while at the same time protecting these employees from undue pressure to participate in partisan activity.

Under current law, the secretary who works for FDA and lives in Rockville, MD, cannot go door-to-door on a Saturday afternoon on behalf of her favorite candidate for mayor. The attorney who works for the FTC cannot host a get-together in his home for his college roommate who is running for the State legislature.

Why should we impose these unreasonable restrictions on citizens who simply want to have a voice in how their communities are governed?

Madam President, political participation is growing. Grassroots organizing is again becoming a way of life. More Americans are getting involved in the process and making their voices heard. We need this active participation of the citizenry to keep democracy alive.

But at the same time, we are telling Federal workers—who are among the brightest, best-informed and most public-spirited Americans—that they are not allowed to make their voice heard. That does not make sense. We should welcome their active involvement, should they choose to devote their spare time to political activity.

AMENDMENT NO. 564

(Purpose: To provide that employees of the District of Columbia shall remain covered under the provisions of the Hatch Act, and for other purposes)

The PRESIDING OFFICER (Ms. MOSELEY-BRAUN). Who seeks recognition?

The Senator from Delaware.

Mr. ROTH. Madam President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Delaware [Mr. ROTH] proposes an amendment numbered 564.

Mr. ROTH. Madam President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 14, line 10, strike out "or".

On page 14, line 12, add "or" after the semicolon.

On page 14, insert between lines 12 and 13 the following new subparagraph:

"(C) the government of the District of Columbia, other than the Mayor or a member of the City Council or the Recorder of Deeds;

On page 23, strike out lines 17 through 19.

On page 23, line 20, strike out "(b)".

Mr. ROTH. Madam President, under current law, employees of the D.C. government are covered under those provisions of the Hatch Act which apply to Federal employees. There is another provision of the Hatch Act which applies to State or local employees who are employed in activities funded in whole or in part by the Federal Government.

Under S. 185, employees of the District of Columbia would be moved from coverage as if they were Federal employees and instead covered by the Hatch Act as it covers State and local employees. The difference between the two provisions is that coverage for State and local employees is more liberal with regard to the types of partisan political activities that employees can engage in.

Why am I concerned, Madam President? Because of a series of reports that I have read in the Washington Post regarding the fundraising activities of employees of the D.C. government. The Post has reported that top officials, at the Mayor's request, called vendors with city contracts and told them they were passing their names on to the Mayor's reelection committee. The committee was promoting a $1,000 a person event to be held around that time.

According to a January 30 Washington Post article, several members of the Mayor's cabinet said they felt uncomfortable making the calls, and some vendors said they did not appreciate the heavyhanded approach to fundraising.

The January 30 article went on to say that employees in the D.C. Office of Constituent Services were being used,

on duty, to sell $25 tickets for a different fundraiser, one sponsored by Friends of D.C., the Mayor's political action committee. The event was billed as a "drive for D.C. statehood." However, the Post article describes how a question has been raised as to who benefited from the funds, since the sponsor of the event was the Mayor's political action committee, and not an independent statehood committee.

According to the Post, the Office of Constituent Services' telephone number was included on a flier trumpeting the event, the Mayor gave the number out on a radio program, and city employees answering the telephone confirmed that tickets could be purchased there during normal working hours.

Soon after these initial reports, the Office of Special Counsel, the independent Federal agency responsible for enforcing the Hatch Act, began an investigation. It is my understanding that the investigation is proceeding, and that the Office expects to soon begin analyzing the information it has collected to determine whether any Hatch Act violations have occurred.

According to the Post news reports, D.C. law prohibits campaign activities by the constituent services office. In addition, the D.C. Office of Campaign Finance is examining the events described in the Post articles. I ask unanimous consent that the entire Washington Post series of articles on these events be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Jan. 29, 1993]

(By James Ragland)

Top city officials have been calling vendors who contract with the city government to encourage them to buy $1,000 tickets to a political fundraiser tomorrow for Mayor Sharon Pratt Kelly, according to administration officials and contractors.

Three Kelly administration officials said the mayor herself had urged agency heads to invite vendors and developers to the event, which is intended to raise money for her 1994 reelection campaign.

Other Kelly administrators discussed the fund-raising strategy at meetings last week, sources said.

The federal Hatch Act generally forbids federal and District government employees to engage "in any partisan political activity intended to influence others."

In addition, employees in the D.C. Office of Constituent Services, which helps connect residents to city services, are being used to sell $25 tickets for another fund-raiser tomorrow sponsored by Friends of D.C., the mayor's political action committee.

The mayor gave out the phone number for that city office Monday while on a radio show. City employees answering the number yesterday confirmed that the tickets could be purchased there.

According to city law regarding the constituent services office, "No campaign activities shall be conducted nor shall campaign literature or paraphernalia be distributed as part of citizen-service programs."

Vada Manager, the mayor's spokesman, declined to comment on the fund-raising efforts and what role the mayor and city administrators may have had in them. He and other communications officials referred all calls to the mayor's chief fund-raiser.

David Byrd, the mayor's former policy adviser and now treasurer of her reelection committee, said he does not know if any city officials made solicitations. If so, he said, it was not at his request.

"I'm the treasurer of the committee, and I'm doing the fund-raising calls," he said.

Fund-raising for the mayor has gotten "more aggressive," Byrd said. "People are probably responding more to change than any impropriety."

William Reukauf, associate special counsel for prosecution in the federal Office of Special Counsel, said that if city employees were being "coerced into political activities such as fund-raising, we would open an investigation."

The penalty for such infractions range from a minimum 30-day suspension without pay to termination, he said.

Under the Hatch Act, elected officials are barred from using executive authority "for purpose of influencing an election" by using government resources, including employees under their charge, Reukauf said.

Some administration officials said they felt uncomfortable being asked to make the calls. And some vendors contacted said they did not appreciate the heavy-handed way the calls were made.

The mayor—elected two years ago on a pledge to return integrity to government—has been the focus of several investigations into possible conflict-of-interest violations.

After one investigation, she returned a fee and hotel expenses she accepted from a company that received business from her administration.

The acting head of the D.C. Office of Campaign Finance, which monitors the fund-raising and ethical conduct of public officials, said yesterday she had not received any complaints about city workers engaged in political fund-raising.

"If that's indeed happening, that would be something we'd want to take a look at," said Deborah Price, appointed to the position last week by Kelly on an interim basis.

George W. Brown, assistant city administrator for economic development, said he was not aware of any agency heads' calling contractors to sell tickets.

"I am not, nor do I know others who are inviting people to come," said Brown. "If anything has been expressed to us, it is that, to make sure any requests [for money] comes from [fund-raisers] outside the government."

Although some contractors and business leaders said privately that it is not unusual for politicians to convey not-too-subtle messages that they are expected to attend fund-raisers, they said "political operatives" rather than Cabinet members usually make the calls.

"Under the Barry administration, you didn't have to speak it; it was understood," said the head of one group of vendors whose members had been contacted by a department head. "The mayor's problem is she doesn't have the political operatives to carry out this. And as a result, it's fallen on members of the Cabinet."

He said he had gotten one complaint this week from an association member who had been called by an agency head.

The two events in question include the $1,000-a-head dinner dance called the Sharon Pratt Kelly '94 Tour, which will be held at 9 p.m. at the marble-and-glass atrium of Columbia Square, the same place where the mayor held her birthday/fund-raising gala last year. It is sponsored by the mayor's reelection committee.

The other is a $25-a-head concert at 7 p.m. at Constitution Hall. The event, called the "We Love D.C. Gala Performance," is described on the invitation as a "drive for statehood." It is sponsored by Friends of D.C., the mayor's political action committee.

By law, PACs can support only multiple political candidates and issues, but Kelly's advisers and fund-raisers have said that Friends of D.C is controlled by the mayor, who has transferred funds between the two committees.

Dorothy Brizill, president of the Columbia Heights Neighborhood Coalition, said the use of a city office to pass out ticket information for the $25 fund-raiser "is clear evidence that the mayor is using a city government office to raise money for her own political organization."

Some would say the event is not for the mayor but to support statehood, Brizill said. "But the money benefits Mayor Kelly's political action committee, not an independent statehood committee."

Last year, Kelly held two similar events, a $20-a-head public birthday party at the Old Post Office Pavilion and a $500-a-person midnight supper dance at Columbia Square. She raised more than $250,000.

But this year, three administration sources said, ticket sales had been slow so the mayor and some of her advisers adopted the strategy of having agency heads call vendors.

Sources said the department heads were advised not to ask specifically for money, which they knew would violate the Hatch Act, but to tell vendors that they were passing their names along to the fund-raising committee, which would give them a follow-up call or send them an invitation.

Byrd said he is not twisting anybody's arm to give.

"Those who ride the gravy train get called," he said. "We're not going to call people who can't afford to give $1,000."

[From the Washington Post, Jan. 30, 1993]

TWO PROBES FOCUS ON FUND-RAISING BY D.C. MAYOR

(By James Ragland)

The federal office of special counsel and the D.C. office of campaign finance have launched preliminary review of fund-raising tactics by Mayor Sharon Pratt Kelly to determine if city employees and resources were used illegally, officials for both agencies said yesterday.

Specifically, the office of special counsel is looking into reports that top city officials at Kelly's request, had been calling vendors with city government contracts to encourage them to buy $1,000 tickets to a fund-raiser today for the mayor.

Several members of the mayor's Cabinet said they felt uncomfortable making the calls, and some vendors said they did not appreciate the heavy-handed approach to fund-raising.

Kelly did not return phone calls Thursday or yesterday to discuss the allegations. Her spokesman would not respond to the complaints Thursday and did not return calls yesterday.

David Byrd, Kelly's chief fund-raiser, said the fund-raising committees were in charge of the solicitations. But he said, "I think it's difficult to have your Cabinet members not know about it and not want to participate."

He said Kelly's Cabinet members are politicians too, by virtue of the fact that the

mayor appointed them to serve at her pleasure.

However, he said, as far as the fund-raising is concerned, "it was made clear to them that all references to solicitations and specific pledges were to be made by the host committee, and that's the way we handled it."

William Reukauf, associate special counsel for prosecution for the federal agency, said his office is looking into the allegations reported in The Washington Post "and other information that has come in to determine if we should open an investigation."

Reukauf said his office would be checking to see whether any of the activities ran afoul of the federal Hatch Act, which generally forbids federal and District government employees to engage "in any partisan political activity intended to influence others."

In addition, the city's campaign finance office is looking into reports that city-paid employees in the D.C. office of constituent services were handling tickets for another fundraiser scheduled for today.

The $25 tickets were to benefit the Friends of D.C., a political action committee that has raised money for Kelly.

"We would look to see what in fact happened; if any violations of the campaign finance laws or conduct codes were violated; and to what degree, an at what levels, these violations occurred," aid Deborah Price, who was appointed last week by Kelly as acting director of the campaign finance office.

Price said she had discussed the issue of the $25 tickets, but not the $1,000 tickets, with Kelly's chief of staff, Karen A. Tramontano.

"What I was told by her is the constituent services office was told they could provide information [about the fund-raiser], but not sell tickets," Price said. "That's what I was told."

Yet the office's telephone number was included on a flier trumpeting the event, the mayor gave it out Monday on a radio program, and city employees answering the number Thursday confirmed that tickets could be purchased there during normal business hours.

Tramantano did not return phone calls yesterday.

Byrd said yesterday that the administration didn't believe there was anything wrong with using city-paid workers during business hours to help process the $25 tickets because the event was being billed as a "drive for [D.C.] statehood."

However, according to city law regarding the Constituent Services Office: "No campaign activities shall be conducted nor shall campaign literature or paraphernalia be distributed as part of citizen-service programs."

And one ethics official, who asked not to be identified, said the problem with the argument that the event was nonpartisan and nonpolitical is the fact that it was sponsored by a group, the political action committee, "that is clearly a political entity."

Dorothy Brizill, president of the Columbia Heights Neighborhood Association, agreed. She said she was drafting a formal complaint that she intends to file with the agencies conducting the preliminary reviews.

"This is clear evidence that the mayor is using a city government office to raise money for her own political organization," she said.

Three administration officials said the mayor had urged agency heads to invite vendors and developers to the $1,000-a-head dinner-dance at Columbia Square to raise money for her 1994 reelection campaign.

Other Kelly officials discussed the fund-raising strategy at meetings last week, administration sources said.

Several elected officials in the city are trying to raise money before a new law restricting political contributions goes into effect this spring. The law, pushed by a coalition of citizens groups, sets maximum contributions to mayoral candidates at $100 a person.

Kelly, who was elected two years ago on a pledge to return integrity to government, has faced at least three investigations into possible conflict-of-interest violations.

After one investigation, she returned a speaking fee and hotel expenses she accepted from a company that received business from her administration.

Also, at a $500-a-person fund-raiser last February, the D.C. Housing Finance Agency spent $4,000 in agency funds for tickets that went to the Sharon Pratt Kelly Committee.

The donations from the independent city agency were disclosed in August, after media scrutiny of campaign finance disclosure forms. Kelly's committee returned the money to the agency, whose director, M.L. Carstarphen, was fired by the agency board over the incident. That agency is the focus of several city and federal investigations.

[From the Washington Post, Feb. 3, 1993]

MAYOR KELLY'S FUND-RAISING

Political fund-raising is almost a full-time activity for today's top elected officeholders. But using full-time government employees to pass the hats—and to hit up vendors who deal with the government—is illegal. Last week contractors as well as officials in the administration of Mayor Kelly reported that top city officials had been calling vendors to encourage them to buy $1,000 tickets to a political fund-raiser. Still other government employees—in the D.C. Office of Constituent Services—were reported to have been used to sell $25 tickets for another fund-raiser, sponsored by Mayor Kelly's political action committee. Given the number and range of sources that reported this to staff writer James Ragland, there is sufficient reason for thorough reviews of Mayor Kelly's fund-raising practices.

Two agencies have initiated action. The federal office of special counsel is looking into reports about the top city officials calling city vendors. Several members of Mayor Kelly's cabinet have said they felt uncomfortable making such calls; vendors, too, have said they didn't appreciate the heavy-handed approach. The federal interest here is whether any of the activities violated provisions of the Hatch act generally barring federal and District employees from engaging "in any partisan political activity intended to influence others."

The city's campaign finance office is looking into the reports about city employees handling the $25 tickets to benefit the Friends of D.C., a PAC that has raised money for Mayor Kelly. Responses from the mayor's office so far haven't come close to clearing the air. Explanations from her chief fund-raiser, David Byrd, also come up short. "I think it's difficult to have your cabinet members not know about it and not want to participate" in activities like these, Mr. Byrd said, adding that Mayor Kelly's cabinet members are politicians, too, by virtue of the fact that the mayor appointed them to serve at her pleasure. He did state that as far as fund-raising was concerned, "it was made clear to them that all references to solicitations and specific pledges were to be made by the host committee, and that's the way we handled it."

Mr. Byrd also said the administration didn't believe there was anything wrong with using city-paid workers during business hours to help process the $25 tickets because that event was being billed as a "drive for statehood." But you can call it a drive for anything—and if the sponsor is a political action committee, there's a legal question.

There is no question, however, that certain city employees were made uncomfortable—on company time—by talk of participating in these political activities. While the federal and local reviews continue, Mayor Kelly should make it clear publicly that she will allow absolutely no fund-raising on her behalf by government employees using their offices in any way that could be interpreted as a conflict of interest.

[From the Washington Post, Feb. 12, 1993]

FUND-RAISING BY KELLY INVESTIGATED

(By James Ragland)

A federal agency will conduct a full investigation into allegations that top District officials, at Mayor Sharon Pratt Kelly's request, called vendors with city contracts to encourage them to attend a $1,000-a-ticket fund-raiser last month, a spokesman for the agency said yesterday.

"It's going to our investigation division for a full investigation," said William Reukauf, associate special counsel for prosecution for the Office of Special Counsel. He said the decision was made after a preliminary review of complaints filed with his office.

"This means there's enough information we need to look at," he said. "There'll be a bunch of people we'll have to talk to."

The independent office, under the U.S. Office of Personnel Management, investigates improprieties in the use of government resources and personnel and levies civil penalties against government workers.

The office cannot penalize the mayor but can encourage an investigation by the U.S. Department of Justice, which can bring criminal charges against elected officials. A spokesman for the Justice Department said he could "neither confirm nor deny" that the agency will look into the matter.

David Byrd, treasurer of Kelly's reelection committee, said that if the investigation will "clear the air, we welcome it."

Kelly's press secretary, Vada Manager, said yesterday that the mayor denies that Cabinet members were involved directly in selling tickets to her fund-raisers.

"You can just reiterate her position . . . that clearly Cabinet officers were aware and informed and participated, but all solicitations came from the SPK Committee," Manager said. "They were not involved directly in sales."

Kelly has not returned numerous phone calls, including one to her office yesterday, to discuss the allegations. In brief exchanges at recent news events, the mayor initially dismissed the allegations as nonsense, saying employees under her charge are "free citizens" and can do what they want.

Now in her third year in office, Kelly has been the focus of three city probes into possible ethical conflicts, including one involving her acceptance of a speaking fee and hotel accommodations from a company doing business with the city. After the investigation was launched, she gave the money back.

At issue now is whether Kelly and senior administration officials violated the federal Hatch Act, which forbids federal and District employees to engage in political activity and to participate in political campaigns and fund-raising.

An infraction carries a penalty ranging from a minimum 30-day suspension without pay to termination.

Employees of the District, which gained limited home rule in 1974, are still subject to some federal personnel rules, including the Hatch Act. The Office of Special Counsel enforces that law.

Four citizens groups—D.C. Common Cause, the Columbia Heights Neighborhood Association, Concerned Citizens for a Better D.C. and the Association of Community Organizations for Reform Now—have requested investigations into two separate events sponsored Jan. 30 by two Kelly fund-raising committees.

"You can't have elected officials using government workers for their own political purposes," said Denice Zeck, chairwoman of Common Cause, a national organization that monitors public officials and policy matters. "It's clearly a violation of the Hatch Act."

Specifically, the federal agency is investigating allegations first reported in The Washington Post that senior administration officials called city contractors and encouraged them to come to a dinner-dance given by the Sharon Pratt Kelly Committee, the mayor's reelection and main fund-raising committee.

Byrd has said that city agency heads had been told not to ask vendors for specific pledges. He said the committee made those phone calls.

Still, some administration officials said privately they felt uncomfortable being asked by Kelly to call the vendors. And some vendors complained that they got calls from agency heads and described the tactic as heavy-handed.

The federal agency, as well as the D.C. Office of Campaign Finance, also is looking into allegations that employees in the D.C. Office of Constituent Services were dispensing information and $25 tickets to a concert benefiting Friends of D.C., the mayor's political action committee.

The mayor, while on a radio show, gave the phone number to that city office as a way for listeners to get tickets. City employees answering the number confirmed that tickets could be purchased there.

Officials from Friends of D.C. have not returned phone calls.

Byrd, of the reelection committee said that event was to benefit statehood, not the mayor, and therefore he saw no problem with it. Friends of D.C. has given money to the mayor's reelection committee and has spent money primarily on promotional and fund-raising activities for the mayor.

Kelly's two committees raised more than a half-million dollars during her first 18 months in office.

Her reelection committee came under scrutiny last year when campaign finance reports revealed that it had accepted $2,000 from an independent city agency. As a result, the director of the Housing Finance Agency was fired, and the agency is now the subject of several local and federal investigations.

Kelly's reelection committee has come under additional fire in recent days for failing to file a Jan. 31 required report indicating how much money was raised and spent in the previous six months. Byrd, who sought an extension, said the report will be filed "any day now."

Deborah Price, acting director of the city's campaign finance office, said her preliminary investigation into the fund-raisers is still in progress. But she said the late report has slowed down the inquiry.

"We'd like to review the campaign finance record for that period, and of course that still hasn't come in yet," she said.

[From the Washington Post, Feb. 13, 1993]

KELLY QUESTIONS NEED FOR FEDERAL PROBE; D.C. MAYOR DENIES URGING AGENCY HEADS TO INVITE CITY CONTRACTORS TO FUND-RAISER

(By Hamil R. Harris and James Ragland)

Mayor Sharon Pratt Kelly yesterday called a federal investigation of her fund-raising tactics unwarranted, saying she did not issue any directive to city agency heads urging them to invite vendors with city contracts to a $1,000-a-ticket fund-raiser.

Kelly, who made her comments shortly before attending a leadership conference sponsored by the National Rainbow Coalition at the Hyatt Regency Hotel, dismissed the allegations as politically motivated.

"I have no problems with somebody scrutinizing us. * * * I didn't issue any directive of any kind that was anything other than in * * * what I view to be high ethical standards and within the spirit of the law," said Kelly, a lawyer. "So I can't fathom that anything operated any other way."

The U.S. Office of Special Counsel announced Thursday that it will investigate allegations that top city officials, at Kelly's request, called vendors with city contracts and told them they were passing their names on to Kelly's reelection committee.

The agency also is looking into allegations that another Kelly fund-raising committee used a city building and employees to dispense information and tickets for a $25-a-ticket fund-raiser held Jan. 30, the same night as the $1,000-a-person event.

The federal special counsel is appointed by the president and confirmed by the U.S. Senate to a five-year term. The independent office is responsible for enforcing the federal Hatch Act, which forbids federal and District employees to engage in political activity and participate in political campaigns and fund-raising.

Any formal administrative or civil complaints by the agency would be filed with the three-member Merit System Protection Board for adjudication.

The civil penalty for violating the Hatch Act ranges from a 30-day suspension to firing.

The special counsel also can refer criminal charges to the U.S. Justice Department for review.

Some city administrators have said they were uncomfortable when the mayor asked them to call vendors and encourage them to attend the $1,000 dinner-dance.

And some vendors, who have objected to being identified for fear of reprisal, complained that the calls and invitations were heavy-handed.

Asked if she made any calls herself, Kelly said, "Well, I have a right to call anybody I want on my behalf because I'm not Hatched. But I didn't. I don't beat up on folks if that's what you mean."

The mayor is not entirely exempt from the Hatch Act. she and D.C. Council members are allowed to wage political campaigns, but they are not allowed to use their "official authority or influence for the purpose of interfering with or affecting the result of an election."

D.C. Common Cause, Concerned Citizens for a Better D.C., the Association of Community Organizations for Reform Now and Dorothy Brizill, president of the Columbia Heights Neighborhood Association have requested investigations of the mayor's fund-raisers.

Now in her third year in office, Kelly has been the target of three city probes of possible ethical conflicts. One was about her acceptance of a speaking fee and hotel accommodations from a company doing business with the city. After the investigation was launched, Kelly gave back the money and reimbursed the company for the hotel expenses.

In addition to the federal investigation underway, the D.C. Office of Campaign Finance is looking into complaints about the $25-per-person event, which Kelly and David Byrd, her chief fund-raiser have described as a part of a "drive for statehood."

That review, which could result in a formal investigation as well, has been slowed because the Sharon Pratt Kelly Committee has not filed a financial disclosure report that was due Jan. 31. The committee requested an extension, and is expected to file the report next week.

[From the Washington Post, Feb. 19, 1993]

KELLY FUNDRAISING EFFORT FLAGS IN LAST 6 MONTHS; SOME SAY DROP MEANS SHE'S VULNERABLE

(By James Ragland)

Mayor Sharon Pratt Kelly's 1994 reelection committee raised $93,100 in the last six months, far less than she collected at this time last year, according to campaign finance reports filed this week.

The relatively modest amount, which came from 75 contributors between Aug. 1 and Jan. 31, is an early signal that Kelly is a vulnerable first-term incumbent without a solid base of support, according to some political observers.

"It says to me the door is open," said Terry Lynch, a supporter of Kelly's who is executive director of the Downtown Cluster of Congregations. "She's left the door open, politically speaking."

One prospective mayoral rival, Council Chairman John A. Wilson, who began his fund-raising in earnest last summer, raised $242,900 from more than 600 contributors during the same six months.

As she has in the past, Kelly spent most of the money she raised, $74,400, on political and media consultants and on entertainment for her fund-raising events.

Still, Kelly's reelection committee has raised more than half a million dollars in the last two years and had $191,467 on hand at the end of last month. Wilson, who also spent the bulk of the money he raised on political and media consultants, had $175,749 in his coffers.

The mayor's political action committee, Friends of D.C., also raised about $50,000 in the last six months, bringing its total to $216,980. The committee had $22,540 on hand when it filed its report Jan. 27.

The fund-raising is bound to get more intense as prospective mayoral candidates start waging behind-the-scenes campaigns to line up support and as the mayor tries to shore up her base. Some Kelly aides have said that the mayor's reelection committee hopes to raise at least $1 million this year to stave off challengers.

Kelly's fund-raising tactics came under fire last month after The Washington Post reported that she had urged top city officials to call vendors with city contracts and encourage them to attend a $11,000-a-ticket fund-raiser.

In addition, Kelly's political action committee was criticized for allegedly using city employees to dispense information and tickets to another fund-raiser.

The mayor has denied asking city employees to help raise funds.

The U.S. office of special counsel is investigating those events to determine if Kelly or city employees violated the federal Hatch Act, which forbids most government workers to engage in political activities or fund-raising.

The D.C. office of campaign finance and ethics also is conducting a preliminary probe.

Kelly's latest report covers the period in which the Jan. 30 fund-raiser was held. But it is unclear whether all receipts and expenditures for the $1,000-a-ticket event were included, since some checks usually arrive and some bills are paid after the books are closed.

David Byrd, treasurer of the Sharon Pratt Kelly Committee, could not be reached yesterday.

The committee filed the report Wednesday, more than two weeks after it was due.

[From the Washington Post, Feb. 24, 1993]

CAMPAIGN OFFICE TO PROBE KELLY FUND RAISING

(By James Ragland)

The D.C. office of campaign finance has launched a full investigation into complaints about Mayor Sharon Pratt Kelly's fund-raising tactics, about two weeks after a federal office began a similar probe.

However, Deborah A. Price, the acting director of the city agency, has recused herself from some decision-making responsibilities in the inquiries because she has a personal loan from a city contractor that contributed to Kelly's reelection committee.

The investigations by the campaign finance office and federal office of special counsel focus on allegations that Kelly urged certain agency heads to call vendors with city contracts and encourage them to attend a $1,000-a-ticket fund-raiser for the Sharon Pratt Kelly Committee.

The agencies also are looking into separate allegations that on-duty city employees and resources of the office of constituent services were used to dispense information and tickets to a second $25-a-ticket fund-raiser sponsored by Friends of D.C., Kelly's political action committee.

Regena Thomas, director of the constituent services office, said yesterday that her office did give out information about the fund-raiser but did not sell tickets to it.

Kelly has denied any wrongdoing.

"We have concluded that, yes, our office does need to take a comprehensive look at the activities in both areas," Price, acting director of campaign finance, said yesterday after a two-week preliminary review. "Through the discovery of documents and through interviews, we determined that full investigation is warranted."

One discovery that Price made was a likely conflict of interest of her own.

Price said she had received a $3,500 personal loan from Vesharn Scales, owner of MTI Construction Inc., a city contractor that contributed $2,000 to Kelly's reelection committee on Jan. 29.

Price said she is a friend of Scales's wife, Patricia Scales, whose company, Liberty Construction Inc., gave $2,000 to the mayor's committee on Jan. 28. The campaign finance report was filed last week.

Price, who is also a deputy director of the Department of Public and Assisted Housing, said MTI has received contracts from the city housing agency. But, she said, she "didn't have anything to do with them."

Price said she saw no real conflict of interest or violation of law having the loan.

But a D.C. law explicitly bars District employees from accepting a loan "from someone who is seeking to obtain contractual or business or financial relations with the D.C. government."

Previously staff director of the city administrator's office, Price moved to the housing department on July 6, 1992, less than two months after she received the loan from Scales.

The company, she said, "was already under contract with [the department of assisted housing] when I got there." She said the company also has contracts with the D.C. Department of Public Works that she was aware of prior to accepting the loan.

Although she had received a loan from Scales, and not his company, Price said she was recusing herself because the relationship "may give an appearance of conflict."

Victor Sterling, a senior staff attorney of the campaign finance office, will be in charge of the investigation of the $1,000-a-ticket event. Price will remain in charge of investigating the $25-a-ticket event.

D.C. Common Cause, the Association of Community Organizations for Reform Now and Dorothy Brizill, president of the Columbia Heights Neighborhood Association, had asked Price to recuse herself for another reason—alleged loyalty to Kelly.

Appointed by Kelly last month to the campaign finance office, Price is expected to return to the housing department. The mayor has also appointed her as an alternate member of the Metro board.

"We would call on her to recuse herself from the [investigation of the] $25 event as well," said Denice Zeck, chairwoman of D.C. Common Cause, a watchdog group that monitors public policy and officials. "That has been a concern all along, that she is temporary and serves at the pleasure of the mayor."

Meanwhile, the investigations are expected to take several weeks, if not months, to complete, officials said.

The office of special counsel enforces the federal Hatch Act, which forbids most federal and District government employees from engaging in political activities and fundraising. Violation of the law is a civil infraction, with a penalty ranging from 30-day suspension without pay to termination.

The office also can refer criminal violations, such as extortion, to the U.S. Justice Department.

The campaign finance office talked last week to Thomas, from whose office information about and tickets to the $25 fund-raiser were dispensed.

Thomas acknowledged that her office, in the Reeves municipal building, supplied information about the event. But she denied selling tickets. After The Washington Post reported the allegations two days before the event, she said, she handed out 3,700 free tickets.

"But we also gave out information about the [presidential] inauguration, and I don't see anyone raising questions about that," she said.

Robert L'Heureux, associate special counsel for investigations in the office of special counsel, said the agency anticipates having "the field work done by the end of March."

And once that is finished, he said, a legal analysis of the findings would be done to determine if any laws were broken.

"We're going to talk to anybody who knows anything relevant to this," he said. "And if anybody wants to talk to us, we'd invite them to do that too."

[From the Washington Post, Mar. 11, 1993]

LIGHTFOOT URGES CLOSING KELLY OFFICE THAT HE SAYS TRIED TO SELL TICKETS

(By Nell Henderson)

A D.C. Council member proposed yesterday abolishing a city office that he said tried to sell him tickets to a recent fund-raiser for Mayor Sharon Pratt Kelly's political action committee.

Federal and city investigators are examining allegations that Kelly's Friends of D.C. committee used the office of constituent services, during working hours, to dispense information and tickets for a $25-a-ticket fund-raiser held Jan. 30.

Investigators are examining whether the office violated the federal Hatch Act, which forbids federal and District employees to engage in political activity, including campaigns and fund-raising.

"I know from personal knowledge that they are employed in political activities," council member Bill Lightfoot (I-At Large) said during a council committee meeting yesterday. "I personally got a call" from an office employee trying to sell tickets, he said.

"I would like to terminate that office," Lightfoot said during a discussion of the budget for several government offices. "It's not about delivering services. It's not about delivering programs. It's about politics, and I don't think we should be using taxpayer dollars to fund political activities."

The office of constituent services, with a budget of about $167,000 a year and four employees, is responsible for responding to citizen complaints and questions about government services. That is in addition to several other offices or divisions that attend to the concerns of specific constituent groups, such as Latinos, Asians and Pacific Islanders, senior citizens and women.

Separately, the U.S. office of special counsel and the D.C. office of campaign finance are investigating allegations that Kelly directed top city officials to call city contractors and invite them to a $1,000-a-ticket fund-raiser for her reelection committee.

Kelly has said the investigations are unwarranted.

Regena Thomas, director of the constituent service office, has said that her office did give out information about the fund-raiser but did not sell tickets to it.

Kelly's spokesman, Vada Manager, said, "The office of constituent services is not frivolous. It is essential toward resolving many issues government has to grapple with daily."

Manager did not dispute Lightfoot's claim that the office tried to sell him tickets. But Manager said that "no one has proven that" the office sold tickets to the event and that it "is not correct" to say the office has been used for political purposes.

Manager also said the fund-raiser was not a political event because it was aimed at rallying support for statehood. However, the political action committee has not spent money on statehood events before and has transferred money to Kelly's reelection committee.

The council's Committee on Government Operations did not act on Lightfoot's proposal to abolish the constituent service office, but agreed to refer the idea to the full council for discussion.

Council member Jim Nathanson (D-Ward 3) said he would support the idea because the office "has been highly politicized by this mayor, no question."

However, council member Harry Thomas, Sr. (D-Ward 5) disagreed. "I think the mayor

should have that office. I think every mayor in the country has a constituent service office. Whether they are doing what they are supposed to be doing is something we can look at."

The discussion of the constituent services office came as council committees were in their third day of redrawing Kelly's $3.4 billion budget proposals for this year and next.

The mayor has offered a combination of tax increases, job cuts and other spending reductions to cover a $247 million gap this year and $500 million hole in the year that starts Oct. 1.

Each committee, analyzing the budgets for different departments, has suggested ways to nick at Kelly's spending proposals to shift money or avoid some or all of the mayor's proposed tax increases. Some committees also have recommended raising fees for some city services or imposing new taxes.

All of the committee reports will be subject to approval by the entire council before they are submitted to the mayor, Congress and the White House.

The Consumer and Regulatory Affairs Committee, for example, voted Tuesday to recommend that the council impose a new tax on delivery services, such as couriers or Federal Express service. The committee report included no rate, but Chairman John Ray (D-At Large) said later that he would suggest a 6-percent sales tax.

The committee also voted to recommend requiring D.C. registration of commercial vehicles that regularly conduct business in the city.

Those two proposals together would raise at least $2 million a year, according to committee estimates. That is nearly as much as the mayor had expected to raise through the proposed advertising tax, which she withdrew Monday after a storm of opposition.

The Government Operations Committee voted to trim spending by several administrative offices by more than $2 million this year and next below the amounts recommended by the mayor, primarily by eliminating vacant positions.

The committee recommended that some of that money be used to reduce the mayor's proposed increases in residential property tax rates and to reject her proposal to eliminate a property tax exemption for some high-income households.

Some of the money should be used to finance the hiring of 45 additional police officers above the level proposed by Kelly, the committee said.

The Public Services Committee voted to reduce funding for the mayor's youth initiative by $1.2 million this year and $50,000 next year, primarily because the program was not prepared to spend all the money it has received.

Nancy Ware, acting director of the program that aims to deter young people from crime and violence, said, "We're comfortable with the committee recommendation for our budget."

Other committees voted to direct the mayor to hire more building inspectors and tax auditors to collect more revenue for the city.

Several committees have rejected Kelly's plans to reorganize government agencies, saying that the mayor should introduce legislation to do so, rather than shifting money around in the budget.

[From the Washington Post, Apr. 23, 1993]

U.S. WIDENS PROBE OF KELLY FUNDRAISING

(By James Ragland)

A federal agency investigating allegations of improper fund-raising tactics by Mayor Sharon Pratt Kelly has extended the probe and is questioning dozens of lower-level city officials.

"All that we can say is there have been additional developments in the case that have made it necessary to interview significantly more witnesses than we initially anticipated," said Paul Ellis, a spokesman for the office of special counsel. He said it will take at least 30 days more to talk to everyone on the list.

For nine weeks, the special counsel has been investigating allegations that top D.C. officials, at Kelly's request, called vendors with city contracts and told them they were passing their names on to Kelly's reelection committee. The committee was promoting a $1,000-a-person event that was held Jan. 30.

The special counsel also is probing allegations that another Kelly fund-raising committee used a city building and city employees to dispense information and tickets for a $25-a-ticket fund-raiser held Jan. 30, the same night as the event that some contractors were asked to attend.

Kelly has denied issuing "any directive of any kind that was anything other than in . . . what I view to be high ethical standards and within the spirit of the law."

A source in the office of special counsel had said in February that investigators would talk to many of Kelly's three dozen Cabinet members. Administration officials said the agency had begun interviewing many of the 40 or so public information officers who work for Kelly.

Asked if Kelly would be among those interviewed, Ellis said, "First we really don't know. The mayor will find out when that time comes. But we really couldn't say anyway."

Three officials who have been questioned by the two federal investigators in charge said they had been asked broad questions, such as whether any employees were told they would be fired or furloughed if they didn't help sell tickets and whether lists of private companies with city contracts were circulated.

Several people interviewed said that they were seated in a small room with two investigators, that they were asked to take an oath and that their testimony was taped in some instances.

"They didn't ask any serious questions," said one department head who asked not to be identified. "They're not serious; it's intimidation."

Some administration officials who said they didn't want to be blamed for any wrongdoing said they have consulted or hired lawyers at their own expense. They said the scrutiny has created some unease among those who have gone, or have been asked to appear, before investigators.

"There is a feeling that the federal government is going to go after you with everything they've got," one top administration official said on background. "Everybody's scared. There's a paranoia in the D.C. government; you have to understand that. It's a feeling of helplessness."

Ellis said the federal agency is conducting its investigation methodically and meticulously and will talk to as many people as necessary.

"We're not stalling; we're moving as quickly ahead as possible," he said.

The federal special counsel is appointed by the president and confirmed by the Senate to a five-year term. The independent office is responsible for enforcing the federal Hatch Act, which forbids federal and District employees to engage in political activity and participate in political campaigns and fundraising.

Any formal administrative or civil complaints by the agency would be filed with the three-member Merit System Protection Board for adjudication. The civil penalty for violating the Hatch Act ranges from a 30-day suspension to firing.

The special counsel also can refer criminal charges to the Justice Department for review.

Mr. ROTH. Madam President, I do not bring this issue to the Senate's attention to prejudge or to influence the necessary, independent investigation into this case. The employees involved are guaranteed their due process rights, and I am not here to make a judgment as to what may have happened. And according to the Post reports, the Mayor has denied any wrongdoing. Yet, it does raise concerns with regard to whether we should be loosening the Hatch Act for D.C. employees as this bill does.

If the allegations are true, and I am not commenting on whether they are or not, this fundraising would be a violation of the Hatch Act. The individuals concerned are covered by the Hatch Act now, and current law prohibits such individuals from taking an active part in political management or political campaigns.

If S. 185 is enacted, D.C. employees would be covered under the Hatch Act law for State and local employees. This covers individuals principally employed by State or local executive agencies in connection with programs financed in whole or in part by Federal loans or grants. Assuming S. 185 were in effect with the situation as described in the Post series, the State or local standard would have to be applied to determine whether these D.C. employees were covered by the law.

Even if they were covered under the State and local provisions of the Hatch Act, it is far from clear that the activities they allegedly engaged in would be prohibited under the act. On-the-job activities by individuals covered under the State or local provisions of the Hatch Act are not prohibited, by current law or by S. 185. According to the Special Counsel, if activity is not expressly prohibited, employees are not in violation.

Madam President, given the current investigation by the Office of Special Counsel into these allegations of improper political activity, I am concerned about the impact this legislation will have on public's perception of the nonpartisan administration of Government. Constituent services selling fundraising tickets, on duty? Cabinet officers soliciting contributions from city contractors?

Madam President, the nature of these current investigations point out the dangers of mixing politics and the civil service. Since 1974, most Hatch Act restrictions have been lifted on State and local employees in federally funded

jobs. The Office of Special Counsel reports that more than 50 individuals have been charged or prosecuted under the State and local Hatch Act provisions since 1980.

This includes at least three major prosecutions, one of which is currently ongoing. In one instance, the Office of Special Counsel successfully prosecuted three individuals, including the Director of the Akron, OH, Municipal Housing Authority for soliciting political contributions from subordinates. In a second case, the Office of Special Counsel successfully prosecuted several political and supervisory personnel of the Niagara Frontier Transportation Authority for soliciting subordinate employees.

In March 1993 the Office of Special Counsel filed a complaint with the Merit Systems Protection Board charging the commissioner of the Tennessee Public Service Commission, his executive assistant, and 13 officers of the Motor Carrier Safety Division with coercively soliciting subordinate employees for contributions of money and labor in support of the commissioner's campaign.

Madam President, when we talk about the impact this bill could have on the merit system, we cannot be oblivious to the types of concerns which spring forth from the examples I have just mentioned. Right here in the District of Columbia similar concerns have been raised. We should not ignore the potentially serious outcomes.

My amendment is a simple one. It simply says that we should keep employees of the District of Columbia under the Hatch Act governing Federal employees, including the amendments made by this bill, instead of the looser restrictions governing State and local employees.

Madam President, I yield the floor.

Mr. GLENN addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. GLENN. Madam President, I basically agree with my colleague across the aisle in what he is trying to do with this amendment. There was no intent with this legislation to say that the District should be out from under the restrictions of the Hatch Act as have applied in the past, for whatever reasons. This was not meant to be a loosening of the Hatch Act regarding D.C. employees, and he clarifies this very well, I believe. So I am happy to accept this amendment on our side, if that is the will of my colleague on the other side of the aisle.

Mr. ROTH. Madam President, I thank the distinguished chairman. I am pleased that the majority side is willing to accept the amendment.

Mr. GLENN. There could have been some misunderstanding on this, and I think it is good that the Senator brought this up so that there could not be a misunderstanding, and so that district employees could not be operating under the illusion that they are free to do whatever they want to do. This is being investigated, and it is proper. I think the legislation Senator ROTH proposes clarifies this very well, and I am happy to accept the amendment.

Mr. ROTH. I am satisfied with a voice vote, if the chairman wants to proceed along those lines.

I urge adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 564) was agreed to.

Mr. ROTH. Madam President, I move to reconsider the vote.

Mr. GLENN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROTH. Madam President, yesterday, we had a debate about S. 185, in which I mentioned that there were a significant number of opponents to this legislation, including Common Cause and the National Academy of Public Administrations. Later on, the chairman responded by reading a long list of supporters. At that time, I did raise the question as to whether or not these new supporters were only supporters of the garnishment amendment, which, of course, is new to this bill and of which I am one of the principal sponsors. So I ask the question whether or not these supporters were only endorsing the garnishment provisions of S. 185 or the legislation as a whole.

In any event, I have today received a letter from these new supporters which were read off yesterday by our chairman, indicating that their support runs only to the garnishment provision and in no way did endorse or not endorse the Hatch Act amendment.

Madam President, I will read this letter dated July 13, 1993.

It says:

DEAR SENATOR ROTH: The Equal Judicial Remedy Coalition is a coalition representing over 900,000 large and small businesses, as well as State and national organizations formed solely for the purpose of promoting legislation to allow garnishment of Members of Congress' and Federal employees' wages to recover bad debt.

It attaches a list of the national organizations that are members of the EJRC. They include the U.S. Chamber of Commerce, the National Federation of Independent Business, American Bankers Association, National Independent Automobile Dealers Association, National Retail Federation, Savings and Community Bankers of America, U.S. Business and Industrial Council, National Association of Federal Credit Unions, National Apartment Association, Independent Sewing Machine Dealers Association, Coalition of Higher Education Assistance Organizations, National Small Business, American Collectors Association, Society of Industrial and Office Realtors, Commercial Law League of America, International Credit Association, Automotive Service Industry Association, Associated Credit Bureau, American Guild of Patent Account Management, National Association of Texaco Wholesalers, National Association of Realtors, Citizens Against Government Waste.

The letter continues:

Last session, the Senate passed the Garnishment Equalization legislation and the House voted it favorably out of the Post Office and Civil Service Subcommittee on Civil Service. Congressional support continues to be widespread and bipartisan. In the 102nd Congress, nearly 200 Members of Congress, representing 46 states, cosponsored the legislation; the number of current cosponsors continues to grow daily. All impacted Executive Branch agencies testified in favor of the purpose of the garnishment legislation.

On behalf of our Coalition, I want to express our deep appreciation for your continued leadership role as a current cosponsor of the Garnishment Equalization Act, S. 253. Your support and the efforts of your excellent staff have been key elements in bringing this long overdue legislation to final enactment. As you know, the Garnishment Equalization bill language was included in the Senate version of the Hatch Reform Act, S. 185. The EJRC, as a coalition, does not take a position on amending the Hatch Act or on any of the provisions within the Senate or House Hatch Act Reform bills, other than the provisions pertaining specifically to the garnishment of Members of Congress' and federal employees' wages to recover bad debt.

So I only read that, Madam President, because I think it is important that the record be clear that this coalition, while strongly in support of the garnishment position, is not taking a stand in respect to the Hatch Act changes as proposed in S. 185.

I yield the floor.

Mr. GLENN. Madam President, I listened very carefully to the explanation of the distinguished floor manager on the other side of the aisle. I can say that when we were contacted by the Equal Judicial Remedies Coalition, their support—when they contacted the committee, it was not indicated that their support was only for that one provision. They indicated they wanted passage of S. 185. They did not say just one part of it. They did not indicate to our staff that it was qualified in any way, and they in fact indicated they were working for passage of the bill. They were working to get it passed.

I am sure that the many different organizations support passage of S. 185 for their own particular interest areas. If other groups that are members of that Equal Judicial Remedies Coalition feel they do not want to support the bill, or only support parts of it, then I think it is good that this is being clarified.

I did not read the total list of groups yesterday that support S. 185. I read those that had been represented by the Equal Judicial Remedies Coalition, and

they had not indicated that any of their member organizations were taking exception to any parts of it, which my distinguished colleague from Delaware has indicated this morning. I think it is well that that be clarified in our debate today. I would like to indicate some other organizations that I did not mention yesterday. In fact, I cut the list short and asked that it be entered into the RECORD.

Since this came up again, I will indicate that the following organizations have given unqualified support, in any way, in support of passage of S. 185:

National Association of Letter Carriers, AFL–CIO;

National Federation of Federal Employees;

Federally Employed Women;

International Association of Fire Fighters;

The National Treasury Employees Union;

American Federation of Government Employees, AFL–CIO;

American Federation of State, County and Municipal Employees;

American Foreign Service Association;

American Civil Liberties Union;

American Postal Workers Union;

American Psychiatric Association;

Epsilon Sigma Phi;

Federal Executive and Professional Association;

Federal Managers Association;

Graphic Communications International Union;

International Federation of Professional and Technical Engineers;

International Union of Operating Engineers;

Military Sea Transport Union SIU;

National Association of Air Traffic Specialists;

National Association of ASCS County Office Employees;

National Association of Federal Veterinarians;

National Association of Postal Supervisors;

National Association of Postmasters of the United States;

National Association of Retired Federal Employees;

National Labor Relations Board Union;

National League of Postmasters of the United States;

National Postal Mail Handlers Union/LIUNA;

National Rural Letter Carriers Association;

Organization of Professional Employees of the Department of Agriculture;

Overseas Education Association/NEA;

Public Employee Department [AFL–CIO]; and

Service Employees International Union.

While I did not read those on the floor yesterday, I wanted to make sure everyone knows of their support and there has been no qualifications of support from any of those particular unions.

So, I think it is good that the Senator from Delaware has clarified this this morning.

If some of the member organizations I read off yesterday are not supporting the position of the Equal Judicial Remedies Coalition of which they are members, then I think it is good that they correct that and make their views known. And that has been done here this morning.

I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

Mr. GLENN. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROTH. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 565

(Purpose: To express the sense of the Senate that Federal employees should not be authorized to solicit political contributions from the general public or to be a candidate for a local elective public office)

Mr. ROTH. Madam President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH] proposes an amendment numbered 565.

Mr. ROTH. Madam President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 35, add after line 12 the following new section.

SEC. 11. SENSE OF THE SENATE RELATING TO FEDERAL EMPLOYEE SOLICITATION OF FUNDS AND CANDIDACIES.

It is the sense of the Senate that Federal employees should not be authorized to—

(1) solicit political contributions from the general public; or

(2) run for the nomination or as a candidate for a local partisan political office, except as expressly provided under current law.

Mr. ROTH. Madam President, the sense-of-the-Senate resolution I am offering expresses what I believe to be the overwhelming view of this body. In my discussions about S. 185 with many Senators, it has become evident to me that proponents and opponents do agree that it would be a great mistake to allow Federal employees either to run for partisan political office, even for local office, or to solicit political contributions from the general public.

Members should be on notice about two very significant facts: First, the House has already acted on legislation that permits Federal employees to run for local partisan political office and to solicit political contributions from the general public; second, the President has indicated through the Director of the Office of Personnel Management who testified before the Senate Committee on Governmental Affairs that he will sign the House bill if presented to him.

Previously, when the Congress acted on Hatch Act legislation, the proponents were forced to present a narrower bill to the President because the former President had signaled his intent to veto any significant changes in the Hatch Act. But now the current President has made it known he will sign anything the Congress presents.

So if there is to be any restraint in this legislation, it must come from the Senate. The chairman has long signaled his dislike of the House position. However, it has been the opposition of Republican Presidents that has in the past helped the Senator cause Congress to present narrower legislation for signature.

So it is my hope that the amendment I am offering will replace that factor in the political equation. A strong showing by the Senate will strengthen the chairman's hand in dealing with the House. It is important to put the House on notice that the Senate will not accept either of the provisions rejected by this resolution.

It is time that we all recognize that H.R. 20 or S. 185—one or the other, or some compromise—will be the law. Which is the better?

I can well understand that for those of us like myself who oppose both bills, we have not made it very clear that S. 185 could be a lot worse. It could be H.R. 20.

In my discussions with Senators, it has become clear that what is the greatest concern—the first to trip off any one's lips—is the permission granted by H.R. 20 to Federal employees to solicit contributions from the general public.

I have not found a Senator who relishes the thought of an IRS auditor or a Justice Department lawyer soliciting political contributions from the public at large. Frankly, I am amazed that the other body adopted this position.

The other provision I have discussed—allowing Federal employees to run as candidates for partisan political office—is nearly as objectionable. The notion that one can confine the partisan politics of being a candidate to off-duty hours, fighting tooth-and-nail in the evening in the political arena and administering Federal programs by day in a neutral, nonpartisan manner, is incredible. Even if an employee were schizophrenic, moving between two distinct personalities, no member of the public would believe it.

This provision cannot stand alongside the evenhanded administration of Government programs, which the public desires and is entitled to.

Madam President, I wish to commend the chairman for his strong opposition to these House provisions. I do not agree with him that it is these provisions alone which have accounted for the torrent of recent newspaper editorials opposing changes in the Hatch Act. But I do agree that these provisions are not in the public interest, and I urge my colleagues to go on record in opposition to these House provisions which the President would sign into law if included in the legislation presented to him.

I yield the floor.

Mr. GLENN. Madam President, I will first say that I do not think a sense-of-the-Senate resolution such as this is really necessary because the issue that we are talking about is covered specifically in the Senate bill. So what we are doing with a resolution such as this is stating that what is in the bill is in the bill and we are serious about it and it will remain. We are repeating ourselves in effect.

I do not object to doing that on something we feel strongly about, and I am aware that perhaps on both sides of the aisle, particularly on the Republican side, I know there have been some people who really wanted to have this stated very carefully and clearly so there could be no misunderstanding about it and so they are on record as stating that what we have in the Senate bill is really what we mean with regard to not only running for office but also regarding going out and asking for contributions from the general public.

I say it is unnecessary, but if we want to adopt that, I certainly have no objection to stating that what is in the bill is what we really mean is in the bill.

Another reason why I say I do not think it is necessary is that I feel duty bound when we go to conference that I represent, as a member of that conference, the position that the Senate passed, I take that very seriously. I know that sometimes, in conference with the House, we look at this as sort of a little game to see what we can give and we get something in return. Sometimes even legislating in conference is not unheard of. I have been in those conferences, as well as my distinguished colleague from Delaware, where we get in there and someone brings up something that was not actually passed on the floor of either the House or the Senate and we wind up accepting that in conference. That is supposed to be prohibited by the laws we all operate under or by the precedent we operate under around here. It should not happen that way. Sometimes it happens. So I can understand why there might be some hesitancy about that.

Let me add one other thing. It was brought up that the President would support whatever version came over. I have not talked to the President specifically about this. I know he was quoted in that regard. We did have some testimony before the committee by the head of OPM that it was his understanding that the President would support either version. I think he stated that in the committee in testimony. I do not know whether Mr. King had actually checked with the President or not to find out that, if it came over with legislation like this, he would actually accept that or not. I think I would probably want to double check that.

I will say I think what Mr. King was referring to when he gave his testimony before the committee—the House had already passed their bill. So I presume he was aware of all these things that were in it and stated properly the President's position.

Madam President, I am happy to accept this amendment, accept the sense of the Senate, if that is the will of the distinguished floor manager on the other side.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Madam President, first of all, I appreciate the chairman's support of this sense-of-the-Senate resolution. Frankly, I think it is important not only that we have the resolution adopted, but I believe it is also important that it be adopted by a recorded vote. I know many of my colleagues feel very strongly about these two issues. We think the record should be clear as we go into the conference, partly for the reasons the chairman has pointed out, because sometimes they are pretty free-flowing.

I agree with the chairman in his statement that the head of OPM in testifying before us indicated that the administration was supporting the House bill. I think it is a matter of record; the current administration was on record as supporting the House bill. But in any event, I think it is critically important that on these two matters there be a recorded vote to demonstrate we are not willing to yield on these.

Now, I wish to caution my good friend and colleague, there are other areas of this legislation that we think should be further amended and we will offer those proposals subsequently. But again I appreciate his willingness to accept this and at the appropriate time I would ask for the yeas and nays.

Mr. GLENN. Fine

Madam President, I know that Senator SIMON has a short statement he wishes to make. It would be all right with me, if it is all right with my distinguished colleague, that we break for 5 minutes to let him make his statement. Then we will go back on this bill.

The PRESIDING OFFICER (Mr. CAMPBELL). The Senator from Illinois.

Mr. SIMON. Mr. President, I ask unanimous consent to proceed for not to exceed 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNITED STATES PRESENCE IN SOMALIA

Mr. SIMON. Mr. President, yesterday our distinguished Senate President pro tempore and chairman of the Appropriations Committee said that the United States should withdraw our troops from Somalia.

I have a great respect for Senator BYRD. He contributes immensely to this body and to this Nation. And anyone who has any sense of what a real Senator ought to be, needs to read his statements about ancient Rome, and the series he has been providing here on the floor of the Senate. They are fascinating.

As I say, I have great respect for him, but I think he is wrong on his call for that.

I was over in Somalia in early November last year with Senator METZENBAUM, and saw things that I hope I will never see again in any other country anywhere in the world, and I have seen a lot of grim things around the world.

President Bush's finest hour, I think, was when he made the decision we were going to rescue more than 2 million people who are going to starve to death. And then President Bush asked other countries to join in the effort over there. There are 20 nations over there right now providing some assistance.

Have some mistakes been made? Yes, some mistakes have been made. But I think it would be a great mistake for the United States to leave. We now have 4,000 troops over there and it would be a great mistake for the United States simply to abandon our responsibilities there. We have residual forces that help in very basic things like providing clean water for the troops of other countries there. That is very basic in a country that has no government. What threatens the world today is not world communism. It is instability and Somalia is a perfect illustration of instability if we do not do our part there.

For us to have asked these other 20 nations to come over there, and now to say we are going to leave you; I think, would be a great mistake.

I talked this morning with Ambassador Madeleine Albright, our Ambassador to the United Nations, who was just over there. She indicated that the overall situation in Somalia is a good one despite the difficulties in Mogadishu, the capital city, and that the United Nations is making a great contribution, as is the United States.

I hope that we do not abandon the course we have adopted over there. We are in a world where our leadership is needed. Whether we like it or not, we are the No. 1 military and economic power in the world. We have to provide

leadership. It should be a shared leadership. And in Somalia today it is shared. Twenty other nations over there now and we are doing the right thing by staying there. I hope we do not abandon our responsibilities there.

Mr. President, I yield back the remainder of my time.

Mr. COHEN. Mr. President, I ask unanimous consent that I be allowed to proceed for 4 minutes as if in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The remarks of Mr. COHEN pertaining to the introduction of S. 1217 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

HATCH ACT REFORM AMENDMENTS

The Senate continued with the consideration of the bill.

Mr. GLENN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GLENN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. GLENN. Mr. President, so that all Members of the Senate and their staffs will know what the schedule is, and to plan their day a little bit better, I believe we have unanimous consent on both sides of the aisle.

I ask unanimous consent that the pending amendment be laid aside so that Senator ROTH may offer his amendment on the subject of employees referendum; that at 2 p.m. the Senate vote on or in relation to Senator ROTH's amendment No. 565; that immediately upon disposition of that amendment the Senate vote on or in relation to Senator ROTH's employee referendum amendment; that the time between now and 2 p.m. be equally divided between myself and Senator ROTH; that no other amendments be in order prior to the disposition of these two amendments; and that any quorum call be equally divided on both sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GLENN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROTH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH. Mr. President, in the interest of continuing to clarify the record as to who supports and does not support S. 185, as I mentioned earlier, members of the Equal Judicial Remedies Coalition wrote me a letter indicating that they supported the garnishment provisions of the legislation but took no stand either for or against the changes in the Hatch Act itself.

Since then, I have received a copy of a letter from the Business and Industrial Council, which is one of the members of the Equal Judicial Remedies Coalition, in which we are advised that the Business and Industrial Council does indeed oppose the changes in the Hatch Act.

In the letter from the director for Government relations, C. Bryan Little of the Business and Industrial Council, he writes:

> Since the issue first arose, the Council has supported efforts to permit garnishment of the wages of federal employees and to allow them to be treated like all other American citizens. We have also consistently opposed efforts to modify the Hatch Act, which we believe protects federal employees from untoward political influence by their superiors, both in government and in their unions.
>
> I take this opportunity to re-iterate the Council's firm opposition to any change in the Hatch Act. It is our sincere hope that this bill, which has been defeated each time it has been brought forward since 1976, will again be defeated.

So I just offer that as part of the record of opposition to the Hatch Act reform.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. ROTH. I am happy to yield to my distinguished chairman.

Mr. GLENN. Mr. President, I would only say that people cannot have it both ways. They cannot say, "I am for a bill," and then when the bill is out on the floor, say, "I just supported one little part of that bill and did not mean it on the rest of it."

You either support something or you do not. It is a package once it comes to the floor unless that bill is altered.

So I know the Senator from Delaware is trying to clarify this, and I am glad to have it clarified. But we also, on the committee and the committee staff, operated in good faith when this organization, the Equal Judicial Remedies Coalition, purporting to represent all of its member organizations, said that they were for S. 185, the Hatch Act reform. They did not say they were for only one part of it and will oppose all the rest of it. Now they are wanting it both ways.

It is a rare piece of legislation that goes through on the Senate floor in which every single supporter and every supporting group says, "Yes, we agree with everything in that bill, unequivocally; it should be a 100–0 vote in the United States Senate." There are always gray areas in this.

But now, to come out at this stage and now be pulling back support and saying, "We still support garnishment," this is not a garnishment bill; this is a reformed Hatch Act bill. It has a number of different things we deal with in this. One of them is garnishment.

I appreciate their support for the bill that they expressed originally. I assumed when I gave the remarks I gave yesterday that they were still in support of the bill, as they had indicated repeatedly to the staff that they were.

I am very glad to have their clarification of this; that is fine, so we make the record clear. I would not want to be sailing under false colors, but what I said yesterday on the floor was exactly what they represented to us. They did not say, when they called staff on the Governmental Affairs Committee; that: We support the garnishment provision on this thing, and we hope you can keep this in, or something. It was that they support S. 185. Their support may have been contingent on having that garnishment provision in there and that without that, they would oppose all the rest of the bill. But that was not made clear to us.

I want to make sure the record shows that we acted in good faith on this in saying exactly what they had been telling us.

So that is all the comment I have. I will move off that. I think we have spent enough time on this particular issue, on which organizations do what. I would like to move ahead.

Mr. ROTH. Mr. President, I just have one further comment. If the Senator will strip the bill of all aspects except the garnishment, I will be happy to support the legislation.

Mr. GLENN. I do not think I will choose to respond to that.

AMENDMENT NO. 566

(Purpose: To provide that the employees of the executive branch, and the Postal Service may select either current law or the proposed amendment to subchapter III of chapter 73 of title 5, United States Code, to apply, and for other purposes)

Mr. ROTH. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH] proposes an amendment numbered 566.

Mr. ROTH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 34, strike out line 19, and insert in lieu thereof the following:

SEC. 10. EMPLOYEE REFERENDUM ON APPLICABLE LAW.

(a) Notwithstanding any other provisions of this Act, the provisions of this section shall apply.

(b) No later than 120 days after the date of the enactment of this Act, the President, or his designee, shall conduct—

(1) a referendum of all employees of the executive branch on whether such employees shall be governed by—

(A) the provisions of subchapter III of chapter 73 of title 5, United Stated Code, as in effect before the effective date of this Act; or

(B) the provisions of subchapter III of chapter 73 of title 5, United States Code, as amended by section 2(a) of this Act; and

(2) a referendum of all employees of the Postal Service of whether such employees shall be governed by—

(A) the provisions of subchapter III of chapter 73 of title 5, United States Code, as in effect before the effective date of this Act; or

(B) the provisions of subchapter III of chapter 73 of title 5, United States Code, as amended by section 2(a) of this Act.

(c) No later than 120 days after the date of the enactment of this Act, the President shall submit a written certification of the results of such referendum to the Congress.

(d) The provisions of law selected under each referendum conducted under subsection (b) shall be the applicable law for employees of the executive branch and employees of the Postal Service, respectively, for the 10-year period beginning on the date on which the President submits a certification under subsection (c).

(e) Before the end of the 10-year period referred to under subsection (d) and again for each 10-year period thereafter, the President shall conduct a referendum as provided under subsection (a) and certify the results of such referendum under subsection (c) and such selected provisions of law shall apply for the respective 10-year period.

(f) The President, or his designee, shall promulgate regulations—

(1) governing procedures and other matters for the conduct of any referendum under this section;

(2) providing that a majority of those employees voting in such a referendum shall determine which provisions of law shall apply; and

(3) informing and educating employees of the standards for political activities that apply to their department or agency (including the Postal Service).

(g) If in any referendum conducted under this section, the employees select the provisions of subchapter III of chapter 73 of title 5, United States Code, in effect before the effective date of this Act to apply, such provisions shall apply with the same force and effect of law as though the amendments in this Act had never been enacted.

(h) Notwithstanding section 11(a), the provisions of this section shall take effect on the date of enactment of this Act.

SEC. 11. EFFECTIVE DATE.

Mr. ROTH. Mr. President, this amendment would give Federal and postal employees a choice. It would allow employees to vote on whether they would prefer being under either the current Hatch Act or the proposed amendments in S. 185.

This amendment would provide Federal employees with an opportunity to vote in a referendum on whether they wanted the expanded Hatch amendments to apply. What could be fairer than that, to give the employees themselves a choice? In fact, there would be two elections held at the same time. One would cover all civil servants within the executive branch, the second would cover all postal employees. Every 10 years, each group—civil servants within the executive branch and postal employees—would vote to decide whether the group should be covered by current law or the proposed changes under S. 185.

The amendment requires the executive branch and the Postal Service to each hold an employee referendum every 10 years to determine whether to have this legislation or the current Hatch Act law apply.

The purpose of my amendment is simple: It is to provide employees with the choice to select either current law or S. 185. Make no mistake, Mr. President, this legislation before us will have a dramatic impact on the merit system. Employees should have the opportunity to decide whether they prefer the Hatch Act protections or they do not. Let us let the civil servants, who will have to contend with the subtle pressures, decide whether the executive branch and Postal Service should remain hatched.

Under this amendment, current law would remain in effect for 120 days. At the end of 120 days, there would be two employees referendums—one for the Civil Service and one for the Postal Service. Each group would decide whether they wanted current law or the amendments made by S. 185. The results would be binding for the entire group for 10 years, at which point the referendums would be conducted again. Whatever choice was made, employees would have 10 years of experience under that system before deciding whether to continue the status quo or opt for the different regime.

Proponents of S. 185 will argue that the bill provides the employee with the choice of whether to be politically active. But that is not the decision that is at stake here. It is whether the employee chooses to be protected. And in my view, and the view of the National Academy of Administration, Common Cause, and more than 100 newspapers around this country, that the current Hatch Act is the best protection an employee has against the inferred expectations and subtle pressures that will develop if this bill is enacted.

So why will proponents of S. 185 speak against this amendment? Because they know that the majority of Federal employees oppose fundamental changes in the Hatch Act.

In annual surveys by the Federal Executive Alumni Institute Association in 1988, 1990, and 1991, respondents opposed changes in the Hatch Act by a margin of 2 to 1.

In the summer of 1989, the Merit Systems Protection Board surveyed nearly 16,000 Federal employees. Employees were asked to indicate whether they "would like to be able to be more active in partisan political activities." According to this survey, less than a third responded that they wanted to be more active.

In 1987, the Senior Executive Association surveyed their members on the Hatch Act amendments. Their members were asked whether they favor or oppose the more expansive House version of the Hatch Act reform. Twenty-one percent of their members responded to the survey: 74 percent opposed reform, 22 percent favored reform, and 4 percent had no opinion. A majority, 53 percent, said the organization should not support the legislation even if it had changes.

In 1988, Government Executive magazine surveyed its readership. The question was asked: "Should the Hatch Act be amended to permit Federal workers to run for office and manage and raise money for campaigns on their own time?" Mr. President, I am aware this is not exactly what S. 185 would allow, but the House version is more expansive. And the administration has, at least it is our understanding testified that it would sign either bill. More than 3,200 Federal employees were interviewed: 60 percent said they opposed the premise of the question, 39 percent agreed with the question.

Proponents of S. 185 continue to ignore the adverse impact of this legislation on the Government and on the American people and focus attention exclusively on the Federal employee. They would have you believe that the Hatch Act oppresses Federal employees and that S. 185 would set them free. The truth is the very opposite. The Hatch Act protects Federal employees from inside and outside coercion.

The Hatch Act is the Federal employees' civil rights act. S. 185 would, in practice, restrict their freedom.

Given the subtle nature of inferred expectations, penalties are ineffective in preventing the pressures an employee will feel to become actively involved in political causes in which the employee has no desire to participate.

The employee is thus deprived of his civil rights even though there is no civil rights violator. The majority's willingness to provide for greater punishment for violators reveals their fundamental misunderstanding of what S. 185 would do.

Mr. President, my amendment would give Federal and postal employees the right to choose which Hatch Act law they desire—the permissive provisions of S. 185 which would open the door to subtle coercion, or the protections of current law.

I believe the employees will choose the latter. This amendment gives them that opportunity. They deserve that opportunity. And whether they vote for one or the other, it seems to me that this proposal is preeminently fair in giving the opportunity to those most impacted to make the selection of their choice.

I urge the adoption of this amendment.

Mr. GLENN addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. GLENN. Mr. President, I must reluctantly rise in opposition to this amendment.

The rights of our citizens to participate are not put up to majority vote of those in the particularly affected area. Surely we would not advocate depriving anyone of their civil rights because a majority voted to withhold those rights.

Nothing in this legislation forces anyone to take part in any political activity that they do not wish to participate in. They are not forced into it, just as we do not force our people to go to the polls to vote.

But those who wish to participate, even if they are a minority, should be allowed to do so even if the others do not.

The opponents of Hatch Act reform often suggest reform is not a good idea because a majority of Federal employees may not care to be politically active. And I never, ever argued that the vast majority of Federal and postal workers would suddenly jump into partisan politics. I have always assumed these employees would be very much like the population at large, the general population of the United States. Some people want to be involved; others do not.

But that is really pretty much beside the point. In this country, majority opinion is not necessarily legitimized by restricting basic rights, in most cases constitutional rights, of a minority that want full expression. That is just not how our system works. The purpose of our Government is to establish individual rights in a free society. We do not decide constitutional rights by a referendum.

I would say that this amendment is a modified version of an amendment that was offered by Senator DOLE to the Hatch Act reform amendment bill in 1990. It was defeated by a vote of 62 to 36, 2 to 1.

I do not think we should go out on a referendum and say, well, OK, some people in this country want to budget a certain way and other people want another. Well, we will have to go out on a referendum. We will, in effect, go on a big polling expedition to see what we want to do with regard to the budget.

We do not, over in Defense, say, well, we cannot make our mind up on the B–2. Some people are for the B–2 bomber and other people are against the B–2 bomber, so we will go out on a referendum.

We do not say, OK, we have people in the military. Are we going to go into combat or not? Well, let us take a vote. Let us have a referendum of people in the military to see if they want to get shot at.

Let us go out to doctors, if we are going to consider health care, let us have a referendum of doctors and see whether they want to have a health care plan or not.

So what we are sent here to do, Mr. President, in a representative democracy, is the people trust us to come here and make these decisions on what is best for the population in the way the U.S. Government runs. That is our job here, to give that kind of representation.

If we deem it, in the wisdom of the Congress and it is signed by the President and agreed to by the executive branch, that we are going a certain way, then we represent the people of this country in saying we believe that that is the way things should go. We do not take every item and take the affected group of people and say, well, we will have a referendum on what they want, because of one thing. Not that we might not get a good expression out of it but, because, if a vote happened to go against that particular group, it means that the people within that group that might be a minority would not have their considerations considered in full, would not have their rights represented in full.

So I do not assume that everyone wants to be politically active in civil service. I do not anticipate that a higher percentage of the people in civil service will run out and vote because we do or do not pass amendments to the Hatch Act here.

But I say, those people that want, under very close restriction, under very careful control to make sure that they do not abuse the system, if they want to go out and be a little more politically active—and I would say a little more, and that is all it is—and in return for that give up any, any, political activity on the job, then that is a fair swap as far as I am concerned, and I think it deals very fairly with some of the difficulties we have had with the Hatch Act through the years.

I will not go back through all of our opening statements again, but you can wear a button on the job now that gives an idea how the boss might want you to vote or who he might want you to support. We prohibit that. We went through several things yesterday here on that, and I will not repeat all of those now.

But I think this is a bad idea to have a referendum. We are sent here to decide what is best and to make laws regarding the civil service, Hatch Act, Government reform, the military, defense, agriculture, health care, so many things, and we do not go out and have a referendum of all the affected groups to decide exactly what direction we are going to go, and I do not think we should do it here either.

If we had a referendum, I am not sure exactly what would occur. The referendum, I suppose, would be advisory for us only, and I think we would come right back to where we are now. We would come full circle back to what is right, what is wrong. And are we going to change the Hatch Act to make it more fair, to cut out the abuses of the Hatch Act that occurred through the years. That is what this all about.

This is not a repeal of the Hatch Act, as we have seen in some of the editorials. The House version goes much further than we do here, so we have to be careful what we are referring to here. It is not the House version. But what we have before us now is S. 185, the Senate version, which is much different from that one.

I think to go out for a referendum does not accomplish very much, and I would have to reluctantly oppose this amendment.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator suggests the absence of a quorum.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GLENN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GLENN. Mr. President, perhaps I was under a misconception about what the amendment provides. I would like to ask my distinguished colleague from Delaware, under his amendment, if a majority, let us say 51 percent of the people that voted in this referendum, said, OK, we do not want the Hatch Act changed in any way, shape, or form, would that be binding then, after such a referendum, that there could be no reform of the Hatch Act by that vote of 51 percent?

Mr. ROTH. What the proposed amendment would do is, if a majority, say, of the executive branch, voted against change, then they would continue to serve under the Hatch Act.

So it would be binding on the employees, but, of course, it would not be binding on Congress. Congress still would have the freedom, if at some future time they wanted to make some change. There is no way you can restrict, that I am aware of, constitutionally the Congress from taking some action in the future.

Mr. GLENN. No, but I think the point I made a moment ago then is very valid. What we are doing is just throwing our responsibilities over to a vote of the people in the executive branch of Government and saying what the Congress thinks or what we care about does not make any difference on this; we are not really prescribing how civil service should run. Civil service is prescribing how civil service should run; is that correct?

Mr. ROTH. I would not say that is entirely correct. What we are providing under this amendment is a choice. We think that it makes for fairness, it makes for equity, it makes for justice to let the employees who are most affected by this proposed change in the Hatch Act to decide how their civil rights can be best protected.

To be frank with you, I think the way they can be best protected is by continuing, in general, the current Hatch Act. But others, like yourself, think it should be reformed.

Before we reform it, we think why not let the Federal employees make that choice. We would give them that choice every 10 years. To me it is just a matter of fairness. If the Federal employees decide that they want to be involved in partisan politics, then they have that opportunity. If they do not want to do it, then they can vote accordingly. I think this amendment is a matter of fairness.

Mr. GLENN. Mr. President, I refer back to the Merit Systems Protection Board survey around a couple of years ago. It was quoted on the floor yesterday and the statement they surveyed was: "I would like to legally be more active in partisan political activities."

The five categories were: Strongly agree; agree; neither agree nor disagree; and disagree or strongly disagree. Those who agreed strongly that they wanted to be more active—either strongly agreed or agreed—was 32 percent of the people surveyed.

Of those neither agreed nor disagreed, about 41 percent. So they did not express an opinion one way or the other.

Those who disagreed or strongly disagreed, in other words they did not want to be more active politically, was only 27 percent.

Even if you added in the ones that could not make up their minds, in the middle, that still leaves 32 percent who said that they would like to legally be more active in partisan political activities. We do not even permit that in this bill. This goes beyond what we would do in this bill.

I think this shows that there are many employees who want to be more active; and why should they not be? What is wrong with a person, because they are in Government, going out and doing some things as long as they are not running for office or not soliciting contributions, and so on? I submit that they should not be denied the right to do so, even if a majority of their peers feel otherwise. That is not right.

For those reasons, I oppose this amendment. I know although the yeas and nays have not been called for, it is my understanding they will be. I hope we will defeat this amendment. I yield the floor.

The PRESIDING OFFICER. Does the Senator from Delaware yield time?

Mr. ROTH. Yes, Mr. President.

The PRESIDING OFFICER. The Senator from Delaware is recognized.

Mr. ROTH. Mr. President, as I have stated throughout the debate on S. 185, what we have in the Hatch Act of 1939 reflects the same concerns which Presidents from the time of Thomas Jefferson on down have expressed. President after President—Democrat, Republican or whatever—have been concerned about political activity of Federal employees.

President Thomas Jefferson, in an 1801 circular distributed to all Government offices said:

> The right of any officer to give his vote at elections as a qualified citizen is not meant to be restrained or, however given, shall have any effect to his prejudice. But it is expected that he will not attempt to influence the vote of others nor take any part in the business of electioneering, that being deemed inconsistent with the spirit of the Constitution and his duties to it.

So my distinguished chairman and colleague says he does not think it is fair for anyone in public service to be denied the opportunity to be involved in partisan politics, and certainly that is a legitimate point of view to have. But the fact is that down through the history of our Nation, beginning with President Thomas Jefferson, President after President has stated they feel it is in the interest of the democracy of our Republic that while an officer or employee of the Federal Government should not be restrained in exercising the right to vote, they should, however, not use their position to influence the minds or votes of others.

I am now quoting from President John Tyler who made this statement in 1841:

> * * * such conduct being deemed inconsistent with the spirit of the Constitution and the duties of public agents acting under it; and the President is resolved, so far as depends upon him, that while the exercise of the elective franchise by the people shall be free from undue influence of official station and authority, opinion shall also be free among the officers and agents of the Government.

Again, President Hayes, in 1887 said:

> No officer should be required or permitted to take part in the management of political organizations, causes, conventions or election campaigns. Their right to vote and to express their views on public questions * * * is not denied * * *.

President Theodore Roosevelt, 1907. He amended civil service rule 1 to provide that:

> Persons who, by the provisions of these rules are in the competitive classified service, while retaining the right to vote as they please and to express privately their opinion on all political subjects, shall take no active part in political management or political campaigns.

Franklin Roosevelt, 1939, said:

> The Attorney General has advised me that it seems clear that the Federal Government has the power to describe as qualification for its employees that they refrain from taking part in other endeavors which, in the light of common experience, may well consume time and attention required by their duties as public officials.

He pointed out that such qualifications cannot properly preclude Government employees from the exercise of the right of free speech or from their fight to exercise the franchise.

The same general sentiments are expressed by more recent Presidents. President Jerry Ford in 1976, when he vetoed similar legislation stated:

> If, as contemplated by H.R. 8617, the prohibitions against political campaigning were removed, we would be endangering the entire concept of employee independence and freedom from coercion which has been largely successful in preventing undue political influence in Government programs or personnel management. If this bill were to become law, I believe pressures would be brought to bear on Federal employees in extremely subtle ways beyond the reach of any coercion statute so that they would inevitably feel compelled to engage in partisan political activity.

That statement is, I think, of particular importance, Mr. President, because it is the subtle pressures that are going to cause the problem.

We had testimony before our committee that a bright, ambitious civil servant, if he or she are able to be involved in partisan politics, is going to do so to move ahead. We do not think that is the way to go.

Again, George Bush in 1990 expressed similar concerns in vetoing the proposed amendment to the Hatch Act at that time.

To me, one of the interesting things is what these various Presidents down through the years have written about is reflected time and again by senior executive members of the civil service. I would just like to read a few of what they had to say.

One said:

> In the long run, the Hatch Act is beneficial because it forces a "hands off" policy and instills the notion that careerists are neutral.

Another wrote or said, "There's already too much political influence. The civil service will be torn to pieces by political parties." Again, another one said, "If it ain't broke, don't fix it." And I think that expresses the sentiment of many of our Federal employees. As a matter of fact, if you look at the various polls, and so forth, many are not even answering. And the reason is because of the sentiment expressed right here: "If it ain't broke, don't fix it." So why bring about change?

Another Federal employee said, "There's no way you can work for and serve one political party while campaigning for the other." Unquestionably, if we permit partisan politics on the part of Federal employees when you have a change of an administration, the new administration is not gong to trust, is not going to have confidence in the Federal employees who are on the other side of the political fence. So that makes for difficulty.

One employee writes that "The Hatch Act is our only shield. The public would lose respect without it." Again, "The proposed law would exacerbate tensions between political appointees and civil servants."

Time and again we see where the top employees of the Federal government, the senior executives express their concerns with modifying the Hatch Act.

(Mrs. FEINSTEIN assumed the chair.)

Mr. ROTH. So, Madam President, in an effort to be conciliatory we have proposed an amendment that would put the choice with the Federal employees as to whether or not they want to get involved in partisan politics.

The reform act, S. 185, does cut out the guts of the current Hatch Act. The current Hatch Act says you will not be involved in partisan politics whereas the proposed reform provides just the opposite. If we are going to make this kind of monumental change, it seems to me eminently fair to give the employees in the executive branch that choice as well as the postal employees. And for that reason I would hope my amendment is adopted.

Madam President, I yield back the floor.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. GLENN. Madam President, I obviously oppose this particular amendment. We are now going back over some of our original arguments. As to some of the statements made here, the inflammatory statements made on this series of quotes that we have on these cards, I can understand them if they refer to the House bill that would dramatically change the protections under the Hatch Act. I can understand that.

Madam President, this is not what S. 185 is all about. We do not cut the guts out of the Hatch Act. We try to make it more fair, and we do make it more fair. Simply put—and I will have to go back over some of our original statements yesterday—basically what this does, what S. 185 does is say that you do not even permit anything on the job that has been permitted all these years under the Hatch Act. You cut it out. There will be no politics on the job, none.

Now, read some of these statements here. If you put them in that context, they do not make any sense at all because we are not talking about permitting more political activity on the job. My distinguished colleague from Delaware would almost indicate that somehow you are going to require people to take political activity if they are in civil service.

I never proposed that. I have not said that. I have not given any indication of that. Nothing in S. 185 would do that. In fact, it is pretty much the opposite. On the job, you can do nothing, period.

Now, off the job but still with very major restrictions, it would allow America's civil servants to reclaim what every other citizen has as a constitutional right by participating in our Nation's political process voluntarily on their own time. Private citizens, if they are coerced into doing anything, if they are coerced into any political activity whatever, the person doing the coercing can be fired right then on the first violation. We just accepted that amendment a little while ago. They can be fired immediately, there can be a penalty of 3 years in prison, and up to $5,000 fine, and that is for the first offense.

Now, I think that is pretty tough for political activity on the job. And I would not cut that back any. I think that is justified. If we try and open up a little bit, say OK, people can have a little more political activity than they have had in the past, then that is fine. I think it is OK we go that route.

Why change it all? We went through that yesterday. This is like what someone says on the chart here: "If it ain't broke, don't fix it," which was just quoted here.

Well, 1993 conditions are very much different for Federal employees than they were back in 1939 when the Hatch Act was passed. Many of the Hatch Act rules as currently written have become arbitrary, capricious, inexplicable, indefensible, do not make any sense, and also because Federal employees should not be treated like second-class citizens and be forced to forfeit their constitutional rights when they opt for careers in public service.

Here are people giving their lives to the Government, and we tell them OK, but you cannot take part in the political processes. I do not want them to take part in the political processes where they are coercing people or being coerced themselves into acceptance of roles that would be improper. I support the Hatch Act. I support the Hatch Act, but I also support making the Hatch Act fair. The Hatch Act was passed in 1939 before the development of a professional civil service and at a time when Federal jobs were awarded not only on the basis of merit competition but they were awarded as patronage plums for political contributions. FDR was quoted as making some statements here, and it was under FDR many of these changes were taking place.

Only six departments of Government under the civil service—the rest of them were political appointments. Abuses? There sure were. That is why the Hatch Act was passed. But that was back in 1939. It is now 1993. Back in those days, to protect civil servants in such a climate it was deemed necessary to bar them from taking part in most political activities. But here we are 54 years later. We have an Office of Special Counsel. We have a Merit Systems Protection Board. Anyone that feels they have not been dealt with fairly can file a complaint with the Office of Special Counsel and have the protection of law if they have been dealt with unfairly, then whoever did that unfair dealing with them will be brought to justice. You could not do that back in 1939 but you can in 1993.

The point is we have a well-established, a professional, a classified merit-based civil service which ensures that promotions in the vast majority of Federal jobs go to those with what? With the best qualifications and not the best political connections.

I would not alter that one iota in this, nor does anything in S. 185 alter that one iota.

We have a Merit Systems Protection Board to which appeals could be made, and if an employee feels he or she has been dealt with unfairly, we have a whole batch of other laws, a whole welter of other laws on the books that further protect Federal employees from political coercion and manipulation.

I should note that these jobs we are talking about are not the 2,000 or so top-level Government officials that are appointees of each new President and who serve at the pleasure of the President. But the fact is that we have a number of Hatch Act rules and regulations on the books that just make no sense and that deprive Federal employees of many basic rights that all other Americans take for granted.

All sorts of dire portent has been put out that if we join the House in reforming or redoing or repealing the 1939 Hatch Act that all sorts of partisan political activity will result. Well, I would say we have not joined the House; that it has not occurred. The big if that says that if we go with some of the provisions in the House act which permit you to go out and permit civil servants to go out and solicit the general public for contributions, we have not agreed to that. That is not in this bill. It is not in S. 185.

So those big if's that if we agree with them, then all these dire things might happen, I do not disagree with that, if, if we did that. But we are not doing that. And that to me is what most of these statements here that my distinguished colleague from Delaware had put up here, that is exactly what they referred to. They refer to the provisions of the House act. That is not what this bill S. 185 provides. The House bill has very different provisions.

Let me give a couple of them here. The Senate bill brings some clarification, understanding, fairness to what has been a muddled, confusing maladministered Hatch Act. There have been some 1,500 identified rulings, regulations, and interpretations grow up around the Hatch Act so that the people did not know what the Hatch Act did or did not do. Many of these were conflicting. They were unclear. Some have been corrected, and some have not.

Let me give a couple of examples. A civil service employee like every other American under current law is permitted to contribute up to $1,000 to a Federal candidate of his choice.

Let us say here is a neighborhood in Washington DC. We go out in Bethesda, people are living side by side, they are

civil servants out there. One says OK I want to give $1,000 to X—whoever it is for—their campaign. The person next door has a couple of kids in college. They are really being hit by some of the bills for higher education. They do not have that extra $1,000 to give. But they want to go down. They say "I would like to go down, drive a car, help out. I have as much interest in seeing what the direction of the country is. It is a little way to express myself. I don't have $1,000, but I will stuff envelopes for those people. I will help them out a little bit." Or "I will drive a car for the campaign."

No. You cannot do that. It is illegal. In other words, if you have the money, if you have the dough, you can go ahead and be politically active. But if you do not have the money, you cannot go down and stuff envelopes to help out.

Is that fair? I do not think it is.

Let me bring up another one here.

We can have civil servants, those same two people out there. And the one person gave $1,000. The other person says, "Well, I support that same person but I do not have a thousand dollars to give. But send me out some yard signs and I will put them up in my yard out here. I want to show my support."

Fine. That is legal. You can do that. They can have 50 signs all over the yard. They can have a support sign in every window of the house if they want to have it. They can show their support. They can put signs all over their automobile. They can drive around, park, point to it, they can do all sorts of things to show their support. It is also legal for them to go to a political rally.

But they go to that political rally. They walk in the back door. Somebody walks by and says "Here is a sign I would like to have on the car out here. Do you want to hold it here?"

"Yes, I will hold it here." They are in violation and by law they can be fired from their civil service position. That would be an extreme case, if they were, I must admit. But that is what the law provides right now.

Some of those things are what we try to straighten out with S. 185. Should it be illegal, should it be a violation, should it be a threat to their livelihood, a threat to their civil service position that they held a sign in the back of a hall at a political rally when they are permitted to put that sign, 100, all over their lawn, all over their house, all over their car? But it is illegal if they hold one of those signs at a political rally. That has been what the interpretation of the law has been through the years. It is that kind of thing that we try to correct.

The law says now Federal employees may publicly express their opinions about political candidates. But they cannot make a speech on behalf of their candidate.

Will someone, pray, tell me the difference between expressing yourself publicly about political candidates but not making a speech? Let us define it. Is the difference whether they put a microphone in front of you or not? What do you define as expressing yourself? You cannot make a speech. Is it if there are 2 people in front of you, or 3 people, even 1,000 people? That gets to be a speech. I admit that. So that is prohibited.

But you can go out and be on TV and you only have one interviewer in front of you. You speak into that microphone. It goes out to 10 million people all over the country. Is that defined as a speech? Do you know? How about if it is with TV? Radio is OK, TV it is not? If you talk to a print reporter is that OK? Others are listening, it may go out to a wire story to millions of people all over the country. Is that ridiculous? Yes. I think that is what we try to prevent.

Right now, a Federal employee can wear a candidate's campaign button any size on the job. But that same person, civil service person, is prohibited from campaigning for or against that candidate. I think it would be good to note that in that particular case, let us say the boss comes in some morning. He is in civil service. You are a civil servant. Your boss would walk in some morning, it would be absolutely legal for him to come in wearing a button 6 inches across that says "Clinton-Gore," "Bush-Quayle," whatever the election season is at that particular time. I would think that would certainly give you a little hint of what the boss wants and what the boss is hoping you will follow his or her lead on. That is permitted now.

Under this bill, S. 185, that would be prohibited, not even a button, a little button, as big as a little thumbnail on your little finger, a button 6 inches, no button, any kind, on the job, no kind of political activity on the job period. That to me makes sense. That is not what these quotes here would have you believe.

They would have you believe that what we are trying to do with S. 185 is take all restrictions off, everybody can be political in government, you can be coerced, whatever. Read some of these things here. And they mislead us.

I will not continue with these. But in these few examples it is obvious that current rules are inconsistent, they are confusing, and they have been in need of overhaul and have been in need of it for a long time.

All this bill would do is rationalize the rules and retain all of the basic prohibitions of the original Hatch Act. And I say to my colleagues here on the floor today, and to my colleague across the aisle here, those Hatch Act original prohibitions are just as valid today as they were in 1939, and I support the Hatch Act.

Under my bill, S. 185, that we passed out of committee, Federal employees would still be barred from running for partisan political office. The House bill permits such candidacies. Under this bill, Federal employees would still be barred from soliciting political contributions from the general public. The House bill permits Federal employees to solicit contributions from the general public. This bill does not do that. Under S. 185, the coercion of subordinates, Federal employees, would not only still be banned but subject to greatly increased penalties: Up to a $5,000 fine, 3 years in prison, and dismissal from the job on the first offense. The House bill has far lower penalties. In fact, this is not the bill that is referred to here by such remarks as we have seen that were put up on the billboards next to me here.

This makes a long needed and clear distinction between political activity on the job and political activity, still under close controls, off the job, away from work, and on an employee's own time. On-the-job political activity would be prohibited, even including the wearing of campaign buttons on the job, which current law permits. No political activity on the job—zero—including even what is permitted today.

I make the Hatch Act more restrictive and tougher than it now is on the job. It tightens it up and makes it a tougher Hatch Act. I am surprised people are not rushing to support that. But voluntary political activity off the job after hours, still with sensible controls and restrictions, would be recognized for just what it is—a basic right, something we encourage in all other segments of our society. We try to get people involved politically and get them out to vote. I think that is a crucial ingredient of a free and democratic society, for whatever political party—1939 was a long time ago, and the time and circumstances change. So should the Hatch Act—sensibly. That is what S. 185 does.

So all these things that have been tossed up about how dire it would be, and that we are going to have all sorts of political activity, I oppose that as much as anyone else. But I do think that some of the examples I gave a moment ago indicate that we need some reform of the Hatch Act. That is what this is. This is not repeal; it is reform. It lets us bring some sensible approaches to the Hatch Act. It brings it up to 1993 instead of 1939. I am not for repeal of the Hatch Act; I am for making it more workable so people know what it does and what it does not permit.

That is all we try to do with this. So all of the references that have been made by some of the editorials, and all of the quotes against liberalizing the Hatch Act—referring, apparently, to our colleagues on the other end of the Capitol—that is not what this bill is. It

does not make those same provisions. I know it is difficult for people to say that the Hatch Act is being considered in the Congress, and not refer to what they see as the worst bill that is in the Congress now, which has already passed the House. This is not that bill. I think we ought to limit our comments here to those that apply to S. 185.

S. 185 does not cut out the guts of the current Hatch Act. It improves it and makes it workable. It gives people more protection on the job, and permits some political activity. They still cannot run for partisan political office while in civil service. You still cannot go out and solicit contributions from the general public. It keeps the basic protections we have come to know through the years and relied on in the Hatch Act, but it makes it more workable and sensible. Therefore, to me, it makes it a better Hatch Act because of what we are trying to correct here with S. 185.

The fact as to whether this might be a referendum or not, what we are discussing now, some say, well, if a majority says we do not want to change this, then we will not change it. And to me, all that means to me is we are abrogating our responsibilities here. It means we are avoiding our responsibilities as legislators here under a republican form of Government, or a democratic form of Government, where we represent the people. We are sent here to make these judgments on behalf of the people of this Nation, with regard to civil service, and with regard to the military, agriculture, and to all sorts of things. That is our form of Government.

To say that every time we run up against something that is not fair, if we have a small group of people or somebody in a certain constituency that says let us have a referendum, all we will do is run Government as a big polling organizations and run around taking polls all day. And it is the old bit: There go my people; I must rush out and lead them. We must take polls to see what we are going to decide for the next day. I submit that that is not what we were sent here to do.

We want to make the Hatch Act more fair. It should be binding. For those people who are in the minority under such a referendum, should they still have a right to believe they will be protected on the job from any political activity? Absolutely. Should they have a right to feel they are still voting Americans, Americans that go out there and have legitimate, proper political activity without being coerced? Why not? What is wrong with that? We encourage every other American to take that kind of activity serious and to be active.

Yet, we are saying: Oh, no, you cannot do that. We do not have the abuses there. But they might be there. That is the bogeyman. There might be something hiding back here that might do something wrong. If they do, under S. 185, we have very, very tough sanctions against them; very, very tough penalties. They will be dealt with—up to 3 years in jail, a $5,000 fine, and dismissal from the job if they coerce anybody under them. That is pretty tough.

So I think we are making far too much out of this thing as to what might occur. We do not have evidence that that has been occurring. All we try to do is say, these things that have been confusing to people in civil service where they did not know what to do, regarding signs or attendance at rallies and such things, what S. 185 does is make sense out of that. It tries to say that we are going to finally make sense out of this and bring the Hatch Act up to 1993 and make it more workable, more of a protection for our civil rights.

There are some comments here where, obviously, people felt it was either the House bill or some even worse bill that was going to be passed or would be considered. I would probably join in some of those statements if I thought the bill was going to be made worse. I think we make it more workable for every single civil servant in this country.

It is up to us to make those decisions, whether we are talking about civil service and the Hatch Act, or whether we are talking about the military, or whatever we are talking about. We are sent here to represent the people of this country, study the issues, put our best judgment to them, provide guidance, and debate these things out on the floor as we are doing here, and then pass legislation that regulates what happens across the whole United States of America. That is what this is all about.

We do not go out taking polls all the time and deciding, well, whatever the poll shows, that is the way we obviously should go. That is not the way our political system works. It is not the way our governmental system works.

Madam President, obviously, I oppose this amendment and urge my colleagues to vote against it at the appropriate time. At the appropriate time I will move to table the amendment.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Madam President, if the proposed reform, S. 185, is such outstanding legislation and in the interest of the Federal employees, then I do not understand why the distinguished chairman will not let the Federal employees have a voice in determining whether or not it applies to them because, if it represents their interests, there should be no concern on the part of those supporting S. 185 of putting it to a vote.

Mr. GLENN. Madam President, will the Senator yield?

Mr. ROTH. I am happy to yield.

Mr. GLENN. My objection is that this would become law. The referendum, by the statement of my distinguished colleague from Delaware, would become law once they had expressed themselves. That means they take over our activity here. That is what I disagree with.

Mr. ROTH. Well, all we are proposing is that we give, through our legislation, that choice to the Federal employees, that they be the ones who determine whether or not it is in their interests to have the Hatch Act modified as proposed in S. 185.

The chairman keeps talking about how conditions have changed, that we need to update the Hatch Act because 1993 is significantly different from 1939. No one would disagree with that basic premise. Nineteen thirty-nine was much different from the days of Tom Jefferson. But all of them, practically every President down through the years, have seen a need, a requirement, that Federal employees not be permitted to be involved in partisan politics. So while conditions have changed in many ways, human nature has not.

The problem we are concerned with is the subtle pressures that will be put upon the Federal employees to become involved in partisan politics. As Jerry Ford so eloquently said several years ago in vetoing similar legislation, the legislation was bad, or rather, to put it the other way, the Hatch Act was good for the Federal employee, it was good for the public. And with that I strongly agree.

Now, this debate began partly over some of the comments that have recently been made by members of the Senior Executives Association. The Senior Executives Association, of course, consist of our top Federal employees. While some of the remarks are directed at the House bill, many of them are so broad that what they are saying, in effect, is that there should be no reform because the Hatch Act is working well. Let me point out No. 4, where the Federal employee said, "If it ain't broke, don't fix it." He is not talking there about either the Senate bill or the House bill. He is saying that the Hatch Act is accomplishing what it was intended to do, that it is working well, so do not change it.

Again, in No. 10, another employee says: "The Hatch Act is our only shield. The public would lose respect without it."

So employee after employee, if you look at these carefully, is coming out in favor of continuing the Hatch Act because it assures the public that the laws are administered in a fair way, not partisan. As has been said on this floor many times, if a person is involved in the evening in partisan politics, will the public really look upon that person as being neutral in the daytime? If you are having your accounting records audited and you are

of one party and the auditor is of the other party that has become involved in partisan politics, are you gong to have a lot of confidence? The best answer is the answer that Thomas Jefferson gave many years ago and that is that the office should not be used for political purpose, that the Federal employee should not be able to try to influence anyone, the public, in partisan matters. That made sense back in the days of Thomas Jefferson, and it makes sense today.

The changes that have come about and will continue to come about have not done away with the need for the Hatch Act. Recently, in our hearings before the Senate Government Affairs Committee, the former executive director of the Civil Service Commission, Bernie Rosen, who spent a lifetime in Government service, testified that change since 1939 in the civil service have not removed—have not removed—the need for the Hatch Act. And I quote. He says:

The merit system is fragile and it can be easily undermined. Its two greatest assets for recruiting and retaining high confidence to serve the American people are, first, the open, competitive examining system and, second, the existing prohibitions on political activity. The prohibitions on political activity build public confidence that the civil service will be fair and impartial.

Now, that is what we are proposing to do away with. The chairman says we are not revoking the Hatch Act; we are just modifying it. But, frankly, S. 185 is changing the guts, the heart of the legislation. I will just point to what the committee report issued by the Senate Governmental Affairs Committee had to say about this legislation. It points out that section 9(a) is widely regarded as the heart of the act—the heart of the act.

What does section 9(a) provide? Section 9(a), which is the current law, says: "An employee in an executive agency or an individual employed by the Government of the District of Columbia may not"—may not—"take an active part in political management or in political campaigns."

What does S. 185 provide? Just the opposite, 180 degrees different. It provides that an employee may take—may take—an active part in political management or in political campaigns. So this is a very wrenching revision in the Hatch Act. Technically, it may not revoke it, but it is cutting out the heart of the act, and make no mistake about that.

Madam President, there has also been talk about, well, we have strengthened the penalties of the legislation and, therefore, there will not be coercion. But I think that misses the point. The problem is and people who have testified before the Governmental Affairs committee have stated that it is the subtle incentives that we have to be most concerned about. The reality of the employer-employee relationship is that subordinates consciously or unconsciously try to please their superiors to further their own career. Federal employees would not complain about political shakedowns because the attendant risks, such as loss of employment or favor in the boss' eyes, would far exceed the cost of acquiescence. So what you are going to see as you permit Federal employees to become involved in partisan politics is more and more they will be taking a partisan role to get ahead. The more this happens the less confidence there will be on the part of the public that the laws of this great land are being administered in a fair and impartial way.

It was said that we were seeing a bogeyman in suggesting that the Hatch Act should not be reformed.

But I would just point out that over 100 different newspapers throughout this country have recently editorialized against Hatch Act reform.

Let me just read that one or two of them had to say.

In New Jersey, the Gloucester County Times on May 12 of this year said: "Preserve Hatch Act Shield."

The newspaper says:

Congress ought to leave the Hatch Act alone if it can't come up with something far better than either of the current proposals to "reform" it. * * *

The Senate bill * * * is described as more moderate than the bill passed by the House in March. Both are bad. * * * Hands off the Hatch Act.

So I do not think they see this as a bogeyman.

In Florida, the Pensacola News-Journal, May 6, 1993: "Hatch Act Revision by Congress Bad Idea."

The editorial goes on to say:

Don't change the Hatch Act.

The House has again passed a Hatch Act revision that allows federal employees to run for local office and solicit campaign contributions—so long as they do it outside the office. * * *

And the Senate version allows federal workers to volunteer for political candidates, even including managing their campaigns.

How soon do you think it will be before powerful politicians are linking up with powerful bureaucrats to center power even more firmly within the Capital Beltway?

We have to agree with the Republicans in Congress who charge that amending the Hatch Act opens the gates for a "spoils system" within the federal government. * * *

Voters already look with too much disdain upon government. Opening up federal ranks to political partisanship—and the inevitable abuses—is a step backward.

Now, just let me point out that the Washington Post is full of articles discussing the problems in the District of Columbia, where the mayor is accused—we cannot say whether appropriately or not—but is accused of having employees in the D.C. government sell tickets to a fundraising event for her. So you cannot say the problem of abuse is dead.

Just let me read what the Washington Post says:

Political fund-raising is almost a full-time activity for today's top elected office holders. But using full-time Government employees to pass the hats—and to hit up vendors who deal with the Government—is illegal.

Now I will not read the entire editorial, but I just want to make the point that we are just as much likely to have abuse today as we were in 1939 or 200 years ago. So that this is not a bogeyman but, in fact, a real problem.

In Massachusetts, the Patriot Ledger says: "Leave the Hatch Act Alone."

It goes on to say:

We see no good reason for dismantling the law that has proved its worth for so many years. The argument that the Hatch Act unfairly strips federal workers of political rights is not persuasive, given the more important public benefits of insulating the civil service from partisan politics and the fact that the act has been upheld by the U.S. Supreme Court.

Then we have the Winchester Star, in Virginia, on May 20, 1993: "Good Law—The Hatch Act Must Be Preserved."

It says:

The Hatch Act was good law in 1939; it remains so today, an opinion roundly seconded by * * * the Civil Service Workers themselves. * * *

Repeal of this act would signal a return to the old and far-from lamented days of patronage when the adage "To the victor belongs the spoils" truly applied. The last thing this nation needs is for federal employee unions to become organs of political patronage.

Essentially, only the Hatch Act stands between this reality and a certain degree of integrity in Civil Service hiring and promotion.

Madam President, I think the facts are that the Hatch Act in its current form does provide a valid service, that it should be continued as it now exists in principle, and particularly we should not reverse or gut the heart of the act.

Let me just make one further point and then I will yield the floor. The chairman says that this a civil rights bill. If so, it is the first such bill forced on those who are supposed to benefit. So my question is: why not let the employees decide? If this is a civil rights bill in their interests, should they have to accept it if they do not think it serves their interest?

That is the reason for my amendment. I can understand why the chairman is afraid that the comments of Federal employees show that they do not want this form of a civil rights bill and might reject it. But, in any event, under my amendment the people most impacted would have a choice every 10 years, one for the executive employees, one for the Postal Service, and as the situation changed they would be given the opportunity to vote again every 10 years.

So for that reason I urge the adoption of my amendment.

Madam President, I ask unanimous consent that the editorials that I referred to be printed in the RECORD.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Gloucester County (NJ) Times, May 12, 1993]

PRESERVE HATCH ACT SHIELD

Congress ought to leave the Hatch Act alone if it can't come up with something far better than either of the current proposals to "reform" it. Anachronisms and all, the Hatch Act's various prohibitions on political activity by the 2.2 million federal employees are effective in shielding them from political favoritism.

The Hatch Act was part of a conservative backlash against Franklin D. Roosevelt. It was passed in 1939 amid revelations of political coercion in the government and concerns that FDR, then sniffing an unprecedented third term, would use federal workers to help him get re-elected.

We are not more principled now.

President Clinton wants the act gutted. "Whatever the Congress approves, we would like," Clinton's director of the Office of Personnel Management told a Senate committee in late April.

What little hope there is of beating the Hatch-killer bills seems to lie in a Republican filibuster in the Senate.

The Senate bill, sponsored by Sen. John Glenn, D–Ohio, is described as more moderate than the bill passed by the House in March. Both are bad.

Glenn's bill would let federal workers volunteer, on their off hours, of course, for political candidates and help do things such as stuff envelopes, distribute literature and manage campaigns. On-the-job political activity would still be banned, as would coercing colleagues or subordinates to join.

Rather than deal with the dangers of forced volunteerism, Glenn would have us focus on oddities in the 55-year-old act such as federal employees being permitted to give $1,000 to a candidate while being prohibited from volunteering to register voters.

All the whining about the rights of federal employees is a smoke screen. The workers knew about the Hatch Act when they signed up. The Hatch Act protects those employees—and us—from their bosses and union leaders.

Hands off the Hatch Act.

[From the Pensacola (FL) News-Journal, May 6, 1993]

HATCH ACT REVISION BY CONGRESS BAD IDEA

Don't change the Hatch Act. President Clinton and Congress are all aglow with enthusiasm to change the Hatch Act, which for 50 years has kept politics among federal workers at a low pitch.

Congress passed revisions to the Hatch Act during the Bush administration, but the president vetoed it, as well he should.

Now the House has again passed a Hatch Act revision that allows federal employees to run for local office and solicit campaign contributions—so long as they do it outside the office.

Well, that ought to be prevent any shenanigans, won't it?

And the Senate version allows federal workers to volunteer for political candidates, even including managing their campaigns.

How soon do you think it will be before powerful politicians are linking up with powerful bureaucrats to center power even more firmly within the Capital Beltway?

We have to agree with the Republicans in Congress who charge that amending the Hatch Act opens the gates for a "spoils system" within the federal government.

Proponents of change say it simply gives federal workers political rights they should have.

But anyone seeking federal employment knows—or should know—going in that accepting a federal job carries with it restrictions against political activity.

That makes it the individual's choice, to accept the restrictions with the job or to turn it down.

Voters already look with too much disdain upon government. Opening up federal ranks to political partisanship—and the inevitable abuses—is a step backward.

[From the Quincy (MA) Patriot Ledger, Mar. 9, 1993]

LEAVE THE HATCH ACT ALONE

Congress shouldn't open the gates to partisan politics in the federal civil service. The Senate should reject a House-passed bill that would allow this by weakening the half-century-old Hatch Act.

Yes, times have changed since 1939 when that law was passed, but the reasons for it remain valid. It's not a good idea to have federal workers engaged in partisan political activity.

The Hatch Act prevents federal employees from running for political office, soliciting campaign funds or participating actively in political campaigns. These restrictions were enacted to stop a blatant abuse: Federal workers pressured to contribute to political parties and help out in election campaigns. The "or-else" part was understood. If you didn't kick in, you might lose your job to a more cooperative citizen or forget about a promotion.

While protecting federal workers from partisan intimidation the Hatch Act also helped insure the public and administrations of both parties that they would be served impartially by the nonpartisan civil service. In turn, federal workers could expect to be treated like professionals by both Republican and Democratic administrations.

Loosening these restrictions, as legislation passed last week by the House would do, runs the risk of politicizing the federal service, to make merit less important than political orientation. The bill would permit civil service and postal employees to run for local office, though not for federal or state office, on their own time without taking a leave of absence. More seriously, it would allow federal workers to manage political campaigns and raise money for candidates, though not during office hours.

The bill would not relax the present ban on federal employees using their positions or information they receive at work to advance political goals or candidates.

Even so, we see no good reason for dismantling a good-government law that has proved its worth for so many years. The argument that the Hatch Act unfairly strips federal workers of political rights is not persuasive, given the more important public benefits of insulating the civil service from partisan politics and the fact that the act has been upheld by the U.S. Supreme Court.

The Hatch Act isn't broken. Congress shouldn't tamper with it. And President Clinton, who has said he would sign the legislation, should not be encouraging this ill-considered "reform."

[From the Winchester (VA) Star, May 20, 1993]

GOOD LAW: THE HATCH ACT MUST BE PRESERVED

Rights, rights, rights—everyone, or so it seems, is in a swivet over their rights, real or imagined. Little is said about "privilege" or "responsibility."

The latest cudgel brandished over "rights" has been raised (supposedly) on behalf of this nation's 3 million Civil Service workers. Certain members of Congress would have us believe that the political rights of these federal employees have been abridged or restricted by the provisions of the Hatch Act, the 1939 law passed specifically to protect these workers from political coercion and to shield the electorate from the machinations of a politicized federal work force.

The Hatch Act was good law in 1939; it remains so today, an opinion roundly seconded by—you guessed it—the Civil Service workers themselves. A 1992 survey by the Merit Systems Protection Board determined that a whopping 70 percent of these employees either oppose evisceration of the Hatch Act or see no need to change this landmark federal law.

This study is apparently lost on Congress, but then, as the old saying goes, "there are none so blind as those who will not see." By a decisive 333–86 count last February, the House voted to all but repeal the Hatch Act. A similar bill will come to a vote any day now in the Senate.

In 1990, when a veto of similar legislation by then-President Bush was barely upheld, both Virginia senators, Republican John Warner and Democrat Charles Robb, cast their lot with those who would gut the Hatch Act. We strongly urge them not to do so again.

Our two senators need to understand that, in addition to the fact that federal employees do not wish to see this law erased from the books—by and large, they cherish the protection it provides—repeal of this act would signal a return to the old and far-from-lamented days of patronage when the adage "To the victor belongs the spoils" truly applied. The last thing this nation needs is for federal employee unions to become organs of political patronage.

Essentially, only the Hatch Act stands between this reality and a certain degree of integrity in Civil Service hiring and promotion. To be sure, federal employees forfeit the "right" to actively engage in partisan politics, but then such is the responsibility inherent in the "privilege" of working for the U.S. government.

Such is the principle that animated passage of the Hatch Act in 1939; such is the principle that must inspire its protection today.

Mr. ROTH. How much time remains, Madam President?

The PRESIDING OFFICER. Four minutes and 57 seconds.

Mr. ROTH. I yield the floor.

Mr. GLENN addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. GLENN. Madam President, how much time do I have remaining?

The PRESIDING OFFICER. Six minutes and 55 seconds.

Mr. GLENN. I thank the Chair.

Just a couple of short comments. I will not go back through all of the previous points we made, for which I am sure everyone will be grateful.

I do want to remark that President Ford's veto of the legislation back in, I believe, 1976 keeps coming up here. I would submit what President Ford vetoed, major parts of that were what we see in what we have over in the House bill. That bill in 1976, I believe, permitted solicitation in the public by

civil service employees, permitted them to run for partisan political office. It was vetoed and I do not disagree with that at all.

Much was made of the fact, "if it ain't broke, don't fix it," which someone quoted on the chart here. But under the Merit Systems Protection Board, at least 32 percent of the people said they thought some fixing was needed and 41 percent did not have an opinion one way or the other. They could have broken either way on that. So at least 32 percent of the people said they felt it did need some fixing, basically.

As far as Federal employees saying do not do away with the Hatch Act, I agree with that 100 percent. And I agree with the former director of the civil service, Mr. Rosen, who testified before the committee, as was quoted here a few moments ago, saying, since 1939, we did not need to make changes and the fact that time had gone by did not remove the need for the Hatch Act.

I have said repeatedly on this floor that I support the Hatch Act. All we are doing is making it better, with careful controls. At the heart of all this argument is whether there is going to be coercion or not, will civil service employees be coerced. We put in very tough penalties against that. The newspaper reports quoted repeatedly I believe refer to the House act. In fact, some of them specifically say that and we should not be dismantling the law. How anybody can conceive anything in S. 185 that is going to be dismantling the law is—if you read it, that is not what this does.

As far as managing political campaigns, which would be permitted, I submit we need remember that the other provisions in here that prohibit raising any money, cannot go out and solicit contributions—if you cannot do that and you are going to be a political manager, it seems to me you are not going to manage anything of any substance, if you are not able to go out and ask for any money whatsoever.

What this does do is permit places like Connecticut that has a caucus—they decide things by caucus—we would permit people to go to those caucuses and express themselves as part of that caucus? Absolutely. We encourage them to do it. Why not? We are supposed to be encouraging Americans to take part in their political system as much as possible, within limits in this case; within limits.

As far as the references to the District of Columbia, I will say this: While the investigation is going on in the District of Columbia as to whether they have violated any law in how they raise their money, under S. 185, the penalties for people who violate the law in the District of Columbia will be higher than they are under present law. In other words, we tighten up.

So if we are going to try and get something that is going to apply, that is going to bring the District of Columbia into line, as far as violations of fundraising, under S. 185, they are going to have greater penalties than they have right now.

Madam President, I yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROTH. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH. Madam President, in just a very few minutes, there will be two votes on Roth amendments. The first vote will be on a sense-of-the-Senate resolution which would provide that that the conferees would, in effect, make it clear that Federal employees cannot run for partisan politics; and second, it would also provide that Federal employees cannot solicit the public for contributions for partisan purposes. We think this is a critically important sense-of-the-Senate resolution, particularly in the sense that it gives direction to the conferees when we meet with the House conferees.

My second amendment would provide Federal employees with an opportunity to vote in a referendum on whether they want the expanded Hatch amendments to apply. There would be two elections held at the same time. One would cover all civil servants within the executive branch. The second would cover all postal employees. Every 10 years, each group—civil servants within the executive branch and postal employees—would vote to decide whether the group should be covered by current law or the proposed changes under S. 185. The amendment requires the executive branch and the Postal Service to each hold an employee referendum every 10 years to determine whether to have this legislation or the current Hatch Act law apply.

The purpose of this amendment is simply to provide our employees with a choice to select either current law or S. 185. Make no mistake, Madam President, this legislation will have a dramatic impact on the merit system. Employees should have the opportunity to decide whether they prefer the Hatch Act protections or not. Let us let the civil servants to will have to contend with the subtle pressures decide whether the executive branch and Postal Service should remain intact.

I urge my fellow colleagues to vote favorably, to vote aye on each of these amendments. I yield the floor.

The PRESIDING OFFICER. Who seeks recognition? The Senator from Ohio.

Mr. GLENN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GLENN. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GLENN. Madam President, it is my understanding we have to set aside the current legislation being considered and go back to the unanimous-consent request that was agreed to where the sense-of-the-Senate resolution will be voted on first and then the other amendment will be voted on secondly. Have the yeas and nays been ordered on the sense-of-the-Senate resolution?

The PRESIDING OFFICER. They have not.

Mr. ROTH. I so request the yeas and nays, Madam President.

The PRESIDING OFFICER. Is this a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

VOTE ON AMENDMENT NO. 565

The PRESIDING OFFICER. The question is on agreeing to amendment No. 565. The yeas and nays have been ordered. The clerk will call the roll.

Mr. FORD. I announce that the Senator from Iowa [Mr. HARKIN] is necessarily absent.

Mr. SIMPSON. I announce that the Senator from Iowa [Mr. GRASSLEY] and the Senator from Virginia [Mr. WARNER] are necessarily absent.

I also announce that the Senator from Pennsylvania [Mr. SPECTER] is absent due to illness

The PRESIDING OFFICER (Ms. MIKULSKI). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 92, nays 4, as follows:

[Rollcall Vote No. 194 Leg.]

YEAS—92

Akaka	Durenberger	Mack
Baucus	Exon	Mathews
Bennett	Faircloth	McCain
Biden	Feingold	McConnell
Bingaman	Feinstein	Mikulski
Bond	Ford	Mitchell
Boren	Glenn	Moynihan
Boxer	Gorton	Murkowski
Bradley	Graham	Murray
Breaux	Gramm	Nickles
Brown	Gregg	Nunn
Bryan	Hatch	Packwood
Bumpers	Hatfield	Pell
Burns	Heflin	Pressler
Byrd	Helms	Pryor
Campbell	Hollings	Reid
Chafee	Hutchison	Riegle
Coats	Inouye	Robb
Cochran	Jeffords	Rockefeller
Cohen	Johnston	Roth
Conrad	Kassebaum	Sarbanes
Coverdell	Kempthorne	Sasser
Craig	Kennedy	Shelby
D'Amato	Kerrey	Simpson
Danforth	Kerry	Smith
Daschle	Kohl	Stevens
DeConcini	Lautenberg	Thurmond
Dodd	Leahy	Wallop
Dole	Levin	Wellstone
Domenici	Lott	Wofford
Dorgan	Lugar	

NAYS—4

Lieberman	Moseley-Braun
Metzenbaum	Simon

NOT VOTING—4

Grassley	Specter
Harkin	Warner

So the amendment (No. 565) was agreed to.

Mr. ROTH. Mr. President, I move to reconsider the vote.

Mr. GLENN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

VOTE ON AMENDMENT NO. 566

The PRESIDING OFFICER. The question now occurs on the Roth amendment No. 566.

Mr. GLENN. Madam President, I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Iowa [Mr. HARKIN] is necessarily absent.

Mr. SIMPSON. I announce that the Senator from Iowa [Mr. GRASSLEY] and the Senator from Virginia [Mr. WARNER] are necessarily absent.

I also announce that the Senator from Pennsylvania [Mr. SPECTER] is absent due to illness.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 62, nays 34, as follows:

[Rollcall Vote No. 195 Leg.]

YEAS—62

Akaka	Ford	Mikulski
Baucus	Glenn	Mitchell
Biden	Graham	Moseley-Braun
Bingaman	Hatfield	Moynihan
Boxer	Heflin	Murray
Bradley	Hollings	Nunn
Breaux	Hutchison	Packwood
Bryan	Inouye	Pell
Bumpers	Jeffords	Pryor
Byrd	Johnston	Reid
Campbell	Kassebaum	Riegle
Conrad	Kennedy	Robb
Craig	Kerrey	Rockefeller
Daschle	Kerry	Sarbanes
DeConcini	Kohl	Sasser
Dodd	Lautenberg	Shelby
Dorgan	Leahy	Simon
Durenberger	Levin	Stevens
Exon	Lieberman	Wellstone
Feingold	Mathews	Wofford
Feinstein	Metzenbaum	

NAYS—34

Bennett	Dole	McCain
Bond	Domenici	McConnell
Boren	Faircloth	Murkowski
Brown	Gorton	Nickles
Burns	Gramm	Pressler
Chafee	Gregg	Roth
Coats	Hatch	Simpson
Cochran	Helms	Smith
Cohen	Kempthorne	Thurmond
Coverdell	Lott	Wallop
D'Amato	Lugar	
Danforth	Mack	

NOT VOTING—4

Grassley	Specter
Harkin	Warner

So the motion to lay on the table the amendment (No. 566) was agreed to.

Mr. GLENN. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. ROTH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GLENN. Madam President, so that we will have some idea of the order here on the floor for the rest of the afternoon, for a little while anyway—and I think it has been agreed to on both sides—I ask unanimous consent that Senator DODD be recognized for a statement for 10 minutes and that, following that, Senator MCCAIN be recognized to present an amendment. And while there is no time limit on that, I ask there be no second-degree amendments to the McCain amendment.

Mr. CHAFEE. Madam President, I wonder if I might ask the parties involved here, I would also appreciate being able to have 10 minutes for a statement, as in morning business. I appreciate the Senator from Arizona is maybe waiting impatiently; I do not know, maybe patiently. I wonder if I could get in there for 10 minutes after the Senator from Connecticut.

Mr. GLENN. I modify the request to that effect; that Senator DODD be recognized for 10 minutes, Senator CHAFEE be recognized for 10 minutes, and Senator MCCAIN then be recognized for an amendment, with no amendment thereto.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DOLE. Will the Senator yield to me for 30 seconds?

Mr. DODD. I am happy to yield.

EXPLANATION OF ABSENCES

Mr. DOLE. Madam President, I want the record to reflect, as I did earlier, that the Senator from Iowa [Mr. GRASSLEY] is necessarily absent because of the damaging floods in Iowa; the Senator from Virginia [Mr. WARNER] is absent because of surgery on his daughter today in Philadelphia; and, of course, the Senator from Pennsylvania [Mr. SPECTER] is absent because of his own operation and recovery. And, I might say to my colleagues, he is doing quite well.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for 10 minutes.

Mr. DODD. Thank you, Madam President.

Let me begin by thanking my colleague from Ohio, as well as the Senator from Arizona and others for their indulgence here.

NOMINATION OF DR. M. JOCELYN ELDERS TO BE SURGEON GENERAL

Mr. DODD. Madam President, I rise this afternoon to strongly support President Clinton's nominee for U.S. Surgeon General, Dr. Jocelyn Elders. Despite her numerous qualifications and the many endorsements that she has received—and they are truly many—I believe and I fear that her confirmation is going to be contentious, based on some of the reports which we have heard already.

Madam President, Dr. Elders has proven throughout her career, as both a pediatrician and public servant, that she will be a strong champion for the public health of this Nation, and particularly—and the reason I take the floor today—because she will be a strong champion for the well-being of children.

And as Chair of the Subcommittee on Children, Families, Drugs and Alcoholism, I am particularly interested in her record and background as an advocate of children during her tenure of almost 6 years as the head of the health department for the State of Arkansas.

Dr. Elders' commitment to children is clear and her accomplishments in this area I find to be tremendously impressive.

She began her medical career as a pediatrician and became the first black chief resident in pediatrics at the University of Arkansas. From there, she became a research fellow, an associate professor, and in 1976, a full professor. Her research has focused on diabetes and growth disorders in children, and she has authored more than 150 articles in scientific publications. Truly a remarkable academic record and career.

I do not think anyone would argue or quarrel with her qualifications as an educator, as a professor, or teacher, or her professional qualifications to the job to which she has been nominated. Indeed, her strong record led then Governor Clinton to name her as director of health in the State of Arkansas, as I mentioned a moment ago, and she held that position for almost 6 years. In that role, she became known not only in her own State but throughout the country for her ability to draw attention to the health needs in her State and the special needs of youth. She oversaw improvements in public health in Arkansas, including improved childhood immunization rates and prenatal care programs.

But her distinguished résumé is only part of the story. Dr. Elders is well known not just for her résumé, but also for her actions—most important her willingness to take on difficult problems.

This country needs, in my view—and I think and I hope the view of all of us—a surgeon general who is willing to tackle some of the difficult questions and bring them to the attention of the American public and the Congress and the executive branch.

We face many, many public health problems. For some of them, answers seem almost impossible. Certainly we

see an appallingly high infant mortality rate, an AIDS epidemic that is growing by leaps and bounds, low rates of immunization and teenage pregnancy just to mention a few of the problems. Even in States like mine, where we purchase the vaccinations, we only have a 63-percent immunization rate.

More than a million teenagers in this country get pregnant each year. More than 40 percent of the girls in our Nation become pregnant before they are 20 years of age, and close to one-quarter of all adolescents—male and female—become infected with a sexually transmitted disease.

I wish those facts did not exist. I wish they were not the case. I get upset even reading them. But, frankly, for too long, I think, we have not wanted to hear these things, hoped they would stay away, stay in the cities, or stay in some rural community, and not enter our own lives. The fact of the matter is they are very much a part of our lives and they threaten the very fabric of this country. We need someone to stand up and remind us that they are there and try to help us come up with some intelligent solutions.

In my own State of Connecticut, more teenage girls in Hartford will have babies than graduate from high school. That ought to scare everybody in this country.

Let me repeat it. In the capital city of Hartford, CT, more teenage girls will get pregnant than get a high school diploma. That is a fact that is frightening.

The fact we have someone who has been nominated for this position, who spent some time wrestling with these questions, trying to come up with some answer, I think ought to be applauded rather than argued about. Teen pregnancy is not a problem we can ignore, nor one we just accept and address only after the fact.

Dr. Elders has expressed her commitment to change this sort of statistic so that our young people can finish school and take control of their lives.

Dr. Elder's opponents are going to claim, and have already, that she is radical, dangerous, that she has radical ideas, dangerous ideas. They say that she will tarnish the innocence of children. I just ask you this afternoon, it is 3 o'clock, to turn on your TV's. Watch the soap operas this afternoon and ask yourself whether or not they are going to be tarnished by Dr. Elders or the tripe that comes across television soap operas in the afternoon where 6- and 7-year-olds are watching programs that have a far greater effect on their innocence than Dr. Elders, who has a distinguished record in trying to deal with these problems?

We have been told she is outspoken, she is blunt, that she is very direct and does not mince words. It sort of reminds me, with all due respect, of the Presiding Officer, in a way, who is appreciated immensely in this body. But let me tell you somebody else who has qualities like that. A person by the name of C. Everett Koop.

Let me tell you, Madam President, I regretfully voted against Dr. Koop's nomination when his nomination came before this body a number of years ago. I thought that maybe he was just too far out, in a way, for that kind of position. We do not often stand here and admit mistakes or votes we wish we could have back. But if I could have that vote back, I would like to have it back because he did a tremendous job. He was direct, he was blunt, he spoke out honestly about things as he saw them. Frankly, I think we are better as a country because he served.

In many ways, Dr. Elders is sort of like C. Everett Koop. They have the same sort of personalities. Frankly, I think that is good for the country.

I wanted to take the floor this afternoon to express my strong views about it. On inspection, Dr. Elders' ideas and goals are ones that I believe most of us would agree with. We are told they are dangerous, radical. What does she really want to do? What has she done? She wants to keep the children healthy by educating them to avoid harmful behavior. What a radical idea. She wants to provide them with access to primary and preventive care. For example, Dr. Elders saw that children were not using the State's public health clinics so she established clinics in the schools. A radical, dangerous idea. Today, everyone applauds it in Arkansas. It has made a tremendous difference in their lives.

Yet, she is considered dangerous for that radical idea. These clinics now reach children who otherwise would not have had any access to health care. I do not think that is radical or dangerous. I think it is common sense. It is about time many other people woke up to the fact.

Dr. Elders' opponents charge she supports sex education for kindergartners and contraceptives in schools, as if she hopes to steal the innocence of our Nation's youth. They misrepresent her goals and her actions. It is unfair and it is wrong to tarnish the record of this distinguished physician with accusations like this.

Dr. Elders always said sex education should be tailored to a child's age. She stated in a speech to the American Association of University Women that comprehensive health and family life education—and I quote her—"* * * should be appropriate to the child's ability to understand and the need to know."

I said a moment ago, you can turn on your television sets and watch in the afternoon what is having a far greater impact on children's innocence, if you will, than some of the suggestions that Dr. Elders has come up with in trying to address this problem. Dr. Elders pushes to educate at younger ages because she knows, as publicly stated, the messages they get from television, videos, older siblings and even parents do not respect their ages at all when these matters are being addressed.

In her efforts to educate youths about sexuality, Dr. Elders has worked to make youth more responsible and healthier, not to tarnish their innocence. She has been described by Harry Ward, the medical chancellor at the University of Arkansas Medical School—and I quote him—as "the conscience of health care in our State, speaking out in a very candid way on every major health care issue, from teenage pregnancy to poverty."

We clearly need, in my view, a Surgeon General to serve as the conscience of health care for our country. What is wrong with that? Who will face the realities that make us all uncomfortable, to some degree, but maybe make us wake up to the reality?

I had the pleasure of meeting her recently. We discussed the problems and obstacles facing our Nation's youth. We talked about a particular concern of mine—youth violence. Dr. Elders understands the relationship between the high rate of violence and other social problems. She knows health problems and other social ills are linked, and she is right. She knows to improve health, we have to address the related problems of drugs, alcoholism, homicide, suicide, accidents, AIDS, teen pregnancy, sexually transmitted diseases and the like. You cannot deal with these in a vacuum.

Opponents want to make her out as an extremist somehow. My colleagues should recognize Dr. Elders' willingness to speak out on difficult issues and not bow to political pressures does not make her extreme. It would be rather like fresh air, in my view, to have the kind of Dr. C. Everett Koop involvement in our health care issues.

I just would like to point out lastly, if I could, Madam President, that she has received many endorsements—and I think this is worth noting. We all get different views from other people. What do the people in Arkansas think about her? Let us assume for a second not everybody in Arkansas is a radical or dangerous or an extremist. What about the people who worked with her for 6 years in that State?

She received the American Medical Association's Nathan Davis Award and its National Congress on Adolescent Health Award for outstanding efforts on behalf of the Nation's children. The National Governors' Association has given her its Distinguished Service Award. As of July 9, close to 100 private and nonprofit and public organizations have endorsed her nomination.

Of particular note are those she has gotten from her own State: The Arkansas Chapter of the Society for Public

Health Education; the Arkansas Hospital Association, the Arkansas Medical Society—that is a radical group, I am sure—the Arkansas PTA—that must be a radical group—the Parent Teachers Association in Arkansas; the Arkansas Public Health Association, and the list goes on.

All I say is that before we start listening to those who have just come to find out that Dr. Elders exists and all of a sudden want to make case against her. I urge my colleagues to go back and look at the people who have known her, worked with her, and spent the last 6 years with her on issues of common concern.

So I hope that as we take up the nomination later this week in committee that we will focus on the promise that I think she offers our country, particularly our children. President Clinton has emphasized the need for change in this country. I think Jocelyn Elders embodies what President Clinton has described. I urge my colleagues, before taking any premature position on this issue, to give her the benefit of at least looking at the record, examining what others who worked with her have said about her. I think they will come to the same conclusion that I have.

Madam President, I urge her nomination and confirmation.

I yield the floor.

The PRESIDING OFFICER. The Senator from Rhode Island.

MASS SHOOTINGS BY DISGRUNTLED PERSONS

Mr. CHAFEE. Madam President, in May of this year, I reintroduced my Public Health and Safety Act, which is legislation to ban the sale, the manufacture, and the possession of handguns. My legislation, which is Senate bill 892, would establish a grace period of 6 months, during which time a handgun owner could turn in his or her firearm and receive the weapon's fair market value or $25, whichever is greater. After the 6-month period, no one may possess a handgun, except for law enforcement, military, antique collectors, target shooters who belong to some club, and security guards.

No one in this country could have failed to hear about the grisly mass shooting that took place just 2 weeks ago this afternoon in San Francisco at a law firm. Fifty-five-year-old Gian Luigi Ferri entered the building at 101 California Street in downtown San Francisco, took an elevator up to the 34th floor, and began shooting. He first shot into a glass conference room where lawyer Jack Brennan—I might say, Madam President, Jack Brennan went to Brown University in my home State. So I feel some sort of a tie. I have never met Jack Brennan, never heard of him but he went to Brown University in my State—he was in this conference room talking with a client, Jody Sposato. Also present in the room was a defense attorney, a Ms. O'Roke and a court reporter, Deanna Eaves. They were having a deposition in this conference room.

Brennan and Sposato were killed in that first burst of gunfire. O'Roke and Eaves were seriously wounded. The gunman, armed with three semiautomatic handguns, continued to go around the perimeter of the law office and killed a lawyer, Allan Berk, critically wounded a gentleman named Brian Berger. He then took the stairs to the 33d and 32d floors and stopped at each floor killing and wounding several more employees. When the slaughter was over, eight people were dead and six people were badly wounded. This is the largest mass murder in San Francisco history.

Madam President, this incident is horrifying, but is it surprising? We have 70 million handguns in the United States of America, with 2 million being added every single year.

What is happening across the country? Let us listen.

October 1992, Watkins Glen, NY. John Miller walked into the County Department of Social Services in the tiny town of Watkins Glen, shot four female employees with a 9-millimeter semiautomatic handgun. All four were killed instantly. He said he was angry because he had to pay child support.

January 1993, Miami, FL. Steve Alford, a new employee at A&E Aircraft, shot and killed with a handgun his former girlfriend and two coworkers at the company Christmas party.

February 1993, Tampa, FL. Paul Calden, an insurance manager fired after a stormy 2-year period with Fireman's Fund Insurance Co., walked into a cafeteria where five company executives were lunching and pulled a handgun out from under his coat, saying, "This is what you get for firing me," and shot all five, killing three, and wounding two of them.

February 1993, Houston, TX. After being fired for theft and harassment, Fernando Ruiz, an employee of Dahn's Fresh Herbs, went to his car, found his semiautomatic pistol, returned to his boss' office, shot him several times in the upper body, then turned on a coworker and critically wounded her.

February 1993, Santa Fe Springs, CA. Wanda Rodgers, fired from her job as a social worker with the Los Angeles Department of Children's Services, disguised herself with a wig, walked into her former boss' office, and shot her boss in the face.

February 1993, El Dorado, AR. Thirty-seven-year-old Michael Burns opened fire at his place of employment, Prescolite Co., apparently because he was upset at being harassed by a coworker. He was stopped only after he was hit on the head with a pipe by another employee. Meanwhile, he killed one person and sent eight to the hospital with severe wounds.

April 1993, Dallas, TX. A former Avis Rent-a-Car employee, fired after an altercation with a coworker who had also been his girlfriend, returned to the agency and shot her and two others with a .38-caliber semiautomatic handgun.

April 1993, Burlington, NC. A disgruntled employee opened fire at the local Winn-Dixie supermarket, killed a coworker and wounded two others.

In post offices across the country since 1981, there have been 11 shooting sprees and 36 people have been killed.

Listen to this: Today, murder is the No. 1 cause of fatal, on-the-job injuries for women. And it is the No. 3 cause for men. Think about it. Murder—not accidents with machinery or falls or poisonings or motor vehicle accidents—murder is the No. 1 cause of death for women on the job. Murder is a major cause of death for men on the job.

Now, what does the National Rifle Association say about all this? After the San Francisco shooting that I just described to you—eight people killed, six wounded—the National Rifle Association said that calls for gun control were sideshows and that the debate should focus on the criminal justice reform system to keep violent people in prison.

Well, let us talk about that. The San Francisco gunman had gone across the State line into Nevada and bought three semiautomatic handguns, which was perfectly legal there. The FBI says he had no criminal record. His acquaintances and even his ex-wife said he was a genial person who hated violence. There was no outward indication of his violent intentions, no criminal past. Who would have said that he, as the NRA said, was what they term a violent person.

In virtually every case of a disgruntled employee, the gun used was a handgun. Why not? Anybody can buy a handgun. We all know it. There are more than 70 million handguns in the United States, as I said before, with 2 million being added every year. Anyone can get their hands on a handgun. And that includes people with no criminal record who may be under a strain or disgruntled or angry or drugged and who may use that handgun to cause untold injury and suffering.

Madam President, this slaughter is going to continue across our country until we do something about it. And there is no way of doing it until we get to a total ban on handguns. So I urge my colleagues to join in support of my Public Health and Safety Act, S. 892.

Madam President, I ask unanimous consent there be printed in the RECORD with these remarks an article from this week's Newsweek entitled "Waging War in the Workplace. How employers are struggling to deal with a rising tide

of violence on the job''—violence in nearly every instance coming from handguns.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Newsweek, July 19, 1993]

WAGING WAR IN THE WORKPLACE

Americans are used to seeing a stream of funerals for victims of violent crime. But consider 10 particular July funerals, each for someone who was killed, in the space of one week, in a place that seemed the least likely to be visited by violent death. Each was killed at work.

Maria Escobedo, 26, was shot at Meridian Oil Inc. in Houston, where she was a secretary. Bruce Flippin, 49, was killed at the John Dewar meatpacking company in Boston, where he was plant manager. Lawyer John Scully, 28, and seven other people were killed at the offices of Pettit & Martin in San Francisco: Scully died shielding another wounded lawyer, his wife. The San Francisco murderer was Gian Luigi Fern, a failed businessman who blamed lawyers, among others, for his problems, and took two 9-mm semiautomatic pistols up to the 34th floor of a downtown skyscraper to prove his point.

While the San Francisco killings made national headlines, news of the others blended into the usual busy flow of crime reports. But these deaths mark the invasion of violence into another seemingly safe place in the social landscape. Crimes of the workplace manifest themselves in different ways. Ferri was a former client of Pettit & Martin, and he believed they gave him bad advice. Escobedo was killed by an estranged boyfriend after a domestic dispute spilled over at work. But for many killers, the workplace itself is the target. The U.S. Postal Service, where 38 employees have died violently since 1986, is studying ways to give workers more voice in their work lives. The Department of Energy is evaluating potential threats at nuclear and other facilities. Private employers are installing hot lines to pick up tips on employees most likely to explode when a layoff is announced.

Since 1980, at least 750 people a year have been murdered at work, making it the third leading cause of occupational death, and the first cause of death for women at work, says the National Institute for Occupational Safety and Health, a government agency. The numbers of managers killed by employees doubled, to 24 a year from 12, says James Fox, dean of the College of Criminal Justice at Northeastern University. First Security Services in Boston now fields eight times the number of queries it did a year ago from executives threatened with violence. Last fall NIOSH issued a report declaring workplace homicide a "significant" public-health problem, and recently asked the Federal Bureau of Investigation to begin tracking these homicides separately. Deaths themselves are just the "tip of the iceberg," says Joseph A. Kinney, executive director of the National Safe Workplace Institute. Garry Mathiason, a San Francisco lawyer, estimates that there are at least 30,000 violent incidents a year.

Such statistics paint a picture of the problem, but hardly answer the hard questions:

WHY IS THIS HAPPENING NOW?

The violent workplace mirrors an increasingly violent society. The proliferation of guns, for example, is a factor; 75 percent of workplace homicides are committed with firearms, says NIOSH. Domestic violence has spilled into the workplace, ironically, as it has been pushed out of the home; a man who is slapped with a restraining order on a woman's home can still track her down at the office.

But in a flat economy, many people with mounting bills, a pressured job or the loss of one sees their employers and other organizations as the source of the problem. Last week a man who officials said had lost his disability pay stormed a state insurance office in Las Vegas. Most employees who kill managers or colleagues have been fired or feel mistreated. When "employees are treated as disposable commodities," says Bruce Blythe, president of Crisis Management International, the company loses moral authority. Reports of sky-high executive salaries exacerbate such anger, says a compensation expert. "We have a war of haves and have-nots," says Ira A. Lipman, chairman of Guardsmark, Inc., a security firm. The have-nots probably won't rise up and revolt. But the workplace has become an ad hoc battlefield.

WHEN DOES SOMEONE ANGRY BECOME MURDEROUS, AND WHO IS LIKELY TO EXPLODE?

If the workplace murder is the result of a robbery or a domestic-violence dispute, the profile is familiar. But with other cases, people are tempted to dismiss the killer as a crazy or criminal individual who would have committed murder somewhere, sometime, and simply couldn't be stopped. Experts say it isn't that simple. "The idea of a normal person snapping is absolutely wrong" says attorney Mathiason, but "it is also wrong to view them [all] as a criminal type." Some show anger and suspicion that border on clinical paranoia. But many, argues John Hamrock, head of the employee-assistance program for Amoco Corp., are people whose unanswered résumés and unpaid medical bills mount until "they become so overwhelmed with feelings of futility that they just explode."

Those who target the workplace fit a general profile: they are primarily white males who have few social supports, tend to "externalize" or blame others for their problems and are preoccupied with weapons. San Francisco Police said Ferri had gun magazines in his apartment. Even more than most Americans, these men identify themselves with their work. "His primary anchor to society is his job," says Steve Kaufer, a Plan Springs security consultant. "When he loses his job, he goes ballistic." When Larry Hansel was fired from Elgar Corp. in 1991, he killed two supervisors he deemed responsible.

BUT WHAT CAN EMPLOYERS DO?

According to experts, quite a lot. Many killers, for example, signal their intention, but companies may ignore the signs. When claims manager Paul Calden was fired from Fireman's Fund Insurance in Tampa, Fla., last year, he told the personnel executive, "You haven't heard the last of this," according to Det. Sgt. Harold Sells. She wrote up the comment in a memo to supervisors, but nothing was done. In January of this year, eight months later, Calden returned, killing the personnel manager. Fireman's Fund, which could face lawsuits, declined to comment.

If managers hear of a problem, consultants believe, intervention is possible. Late last year Blythe was called into one company after a longtime employee began to act menacingly. He had swung a piece of pipe at a wall near another worker's head and told the plant nurse that he'd like to kill people. Aided by plainclothes police and a psychiatrist, Blythe and a union/management team confronted the man, demanding that he take a paid leave and get help. Six months later he is on medication for depression—and back on the job.

Particularly autocratic work environments can be a problem. When an employee feels powerless, he may be more likely to strike out. The Postal Service now holds focus groups for employee input and is hiring managers with better interpersonal skills. Sensitivity to employees is particularly vital when layoffs are announced. Don't follow the example of General Dynamics Corp., warns Northeastern's Dean Fox. Earlier this year the company gave a longtime employee a pink slip on the day he returned to work after burying his 6-year-old son. This is especially striking, says Fox, because it was at General Dynamics a year earlier that former employee Robert Earl Mack shot and killed a supervisor, after he was fired while on a forced leave he believed was temporary (page 34). General Dynamics admitted that the layoff this year was mishandled.

Even where violence clearly comes from outside the workplace, employers can make a difference. When you hear of yet another convenience-store robbery, for example, you may not think of it as workplace homicide. But robbery has become an occupational hazard, say safety advocates, akin to handling molten metal in a steel plant. An employer, they say, must provide bulletproof glass for a store clerk, just as he would a pair of safety goggles. A NIOSH task force is studying the design and operation of convenience stores to develop a set of such safety measures. Some states have already acted; a new Florida law requires that such stores install cameras and alarms and put at least two clerks on duty at night.

Domestic violence that migrates to the workplace can also be an employer's business. Mathiason cites a client who intervened and saved a life. When the company discovered that its receptionist's husband was threatening her, says Mathiason, he advised that it contact police, get a restraining order and move the woman from the lobby to the second floor. Days later the husband drove a truck into the building, crushing the desk his wife had occupied.

Still, there are obstacles—many of them legal—to companies' efforts to protect employees. Firing an employee who seems dangerous because of an alcohol or emotional problem could violate laws protecting disabled workers. Warning a prospective employer about an unstable applicant could provoke charges of slander. Investigation of an employee's problems can raise issues of violations of privacy.

But companies will have to find answers. If for no reason other than financial. Courts in Florida and Texas ruled that employers found negligent have to pay awards to families of murdered victims. Insurance premiums are going up, and fearful employees and managers alike are preoccupied. In 1977, when Johnny Paycheck sang "Take This Job and Shove It," millions could sing along—and laugh. These days, there's little to laugh about.

Mr. CHAFEE. I thank the Chair, and I again thank my distinguished colleague from Arizona.

The PRESIDING OFFICER (Mrs. BOXER). The Senator from Arizona.

Mr. MCCAIN. If the Senator from Rhode Island has more, I would be more than willing to grant him additional time.

Mr. CHAFEE. I thank the Senator very much. No. That completes my remarks. I thank the Senator for giving me the time.

HATCH ACT REFORM AMENDMENTS

The Senate continued with the consideration of the bill.

AMENDMENT NO. 567

(Purpose: To provide military personnel the same political freedoms as civilian personnel)

Mr. MCCAIN. Madam President, I have an amendment at the desk, and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Arizona [Mr. MCCAIN] proposes an amendment numbered 567:

On page 14, strike lines 13 and 14 and insert in lieu thereof:

"or

(D) any member of the uniformed services, including any National Guard or reserve personnel;"

Mr. MCCAIN. Madam President, the amendment that I am proposing is very simple and straightforward. It ensures equality under the law for military as well as civilian employees of the Government. Specifically, it amends the bill's definition of employee to include and not exclude members of our Armed Forces.

Madam President, I would like to say at the onset I regret finding myself on the opposite side of this issue with my friend from Ohio, who has extensive military experience and background, as we know. But I do believe it is an issue of basic fairness and equity, and I think it has some more consequences associated with it if we fail to allow the members of the armed services, the men and women in an All-Volunteer Force, the same kind of political liberties that we are going to—and I have every confidence that this revision of the Hatch Act will pass—extend to those men and women who are in employment of the Federal Government.

I have supported this legislation. I believe that the Hatch Act is outdated and has acted to unduly restrict the right of Federal employees. But I also believe that the same holds true for members of the military.

Madam President, there is another disturbing part of the bill that I will talk about later on concerning garnishment, but I hope that there are going to be some corrections made as far as that is concerned.

I have great confidence in the members of the military, as I do with the civil service, that this new freedom would not be abused or violated. As we all know, in case of abuse or violation of the restrictions that are still remaining, there will be serious punishment. And I believe that we can depend on the men and women in the military to exercise this liberty judiciously and, frankly, with the maturity that we find prevalent throughout the military.

Let me point out why I think it would be wrong to exclude the military. We have an All-Volunteer Force. We did away with conscription many years ago. The All-Volunteer Force in the judgment of all has been successful from a military standpoint.

The performance of the men and women in the operations in Desert Storm in the Persian Gulf were exemplary and probably the most efficient performance that we have seen perhaps in the entire military history of this Nation.

But I also see another aspect of the All-Volunteer Force that disturbs me. That is that we are now seeing a certain separation between men and women in the military and those who are not. When I was much younger and reached the age of 18, it was clear in our country that a male—in those days a male was either going to go to school and then serve in the military or go into military service. We had basically uniform military service by all male members of our society.

This, I think, made an enormous contribution to our society. I think it gave men from all walks of life the opportunity, the experience of serving in the military. I think it served them in good stead. I think it gave them a sense of discipline and a sense of patriotism that sometimes is lacking in some members of our society. And I believe that if we returned to conscription, that would hold true for women as well as for men.

But now I see a society—and I see this reflected in the press to some degree—where the members of the military service are sometimes treated as sort of very different from average society. They are described as "they" and "them," not "we" or "us." I see the volunteers coming into the military service coming from fundamentally one economic strata of our society. I have to say in all candor, Madam President, it has been a long time since I have seen the children of very wealthy parents enlisting in the armed services of the United States. I would add, in all fairness, that there were ways to avoid military service when we had conscription. Many took advantage of it. Many more took advantage of ways to avoid military service in the Vietnam war, but the Vietnam war period was an aberration as opposed to the normal custom and habit of American citizens, which was to serve their country for a certain period of time in the military for most of this century.

So now we are telling the men and women in the military, those who volunteer for military service, that we are going to allow other people who work for the Government of the United States to engage in a fairly broad latitude of political activity, but we are going to tell the men and women in the military service, I am sorry, but you are going to continue to be restricted by what Senator GLENN described as outmoded rules and regulations, but the rest of the men and women who work for the Federal Government, for our Government, will be free to engage in political activity in a much broader way. I think, frankly, it is fundamentally unfair. The argument will be raised that men and women in the military are on duty 24 hours a day, so, therefore, they would not have off-duty time in order to engage in political activity.

First of all, if they are on duty 24 hours a day, so are the men and women who work for the FBI and the CIA. Yet, I see no exclusion for those people, who are also in the Secret Service, who are on duty 24 hours a day as well.

We also know that under most circumstances in peacetime there is off-duty time for the military when they can put on their civilian clothes, leave the base, go to the movies, enjoy recreation, in this case not political activity because, according to the Hatch Act, they are not allowed to and according to this provision in the Hatch Act they are not allowed to.

So I guess my point is, Madam President, that we are now in a situation in our society where there is a certain difference, a gap, between those who serve and those who do not. There is a certain segment of our society who do not serve in the military anymore. But, thank God, there is an outstanding group of young men and women who do serve our country in the military. And by passing this legislation, which I support, and without allowing them the same freedom as other public servants, we are penalizing them for their service to our country in the riskiest and most dangerous part of public service.

My friend, Senator GLENN, gave one of the best arguments that I have heard to vote in favor of this amendment when he was speaking on the underlying legislation. I quote:

> The right of American citizens in good standing to participate in the politics of the Nation is a fundamental principle of our democratic society. To deny just a few is not American. This is a fundamental principle of our society.

I would say to my friend, the Senator from Ohio, that his words are absolutely correct. I agree with him. I would certainly not want a select few of our citizens not to enjoy the liberties that he is trying to extend to so many other wonderful and outstanding public servants.

This issue was voted on the last time around. I do not expect it to prevail. But I do think that it is very important that we all understand what we are voting on here. What we are voting on is a fundamental issue of fairness.

Unfortunately, the men and women in the military, the bulk of whom

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make less than $20,000 a year, the majority of whom average in the late teens and early twenties, do not have any lobbyists. When I go out here by the elevator, I see people who are friends of mine, who are here lobbying in behalf of a broad spectrum of public servants and who have written to me, who have contributed to my campaigns, who have been extremely active not only here in Washington but back in the States. I see their pressure brought to bear in order to ensure—which is their right to do, not only their right, but it is, in some ways, their duty to do. This is the highest priority of many of the Government employees that will be affected by this legislation.

But, unfortunately, Madam President, there is no representative out there for the men and women in the military. There is nobody there who is representing the people who are representing this Nation and defending our vital national security interests and defending the very lives of many others all over the world. There is nobody there representing them. And I regret that. I would not allege that that is the reason they are being left out of this legislation, but I deeply regret that their voices are not heard. I know I speak for them because I have talked to many of them. They believe that they should have the same political rights as others who serve this Nation.

I hope that my colleagues will understand that even though they are not standing out there by the elevator, even though they have no representatives here in Washington who have offices and telephones and fax machines here in Washington in order to galvanize their employees and their supporters, their voice should be heard. I believe that I am speaking for them today in this amendment because I think the majority of them clearly want and deserve a fair and equal opportunity to engage in the political process of this country.

Madam President, I yield the floor.

Mr. GLENN addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. GLENN. Madam President, the distinguished Senator from Arizona, as usual, brings up a very interesting aspect of this and one that perhaps we should have considered more when we were reforming this legislation.

As Senator MCCAIN mentioned, we both spent a considerable portion of our lives in the military and are very sympathetic to the military tradition in many, many ways. Part of that tradition, I believe, is the tradition we have had of treating military employees of the U.S. Government differently than civilian employees. By military employees, I mean military personnel.

There are different requirements on people in service to their Government, whether on the civil side or the military side. Over on that military side, we have a different pay system for the military. We have never said that civilian pay and military pay should be the same. In fact, we have tried several times to get them back together in some ways but have said, no, they are basically different. We have a different retirement system. I think that is entirely appropriate because I think it is proper that we have a different retirement system for those whose lives are actually out there on the line as opposed to those who serve their Government in a peacetime atmosphere, a peacetime role. We have different insurance systems. We have a different health care system for the military.

In addition, when you put on a military uniform, you agree to be treated differently than civilians in very major ways. You are on call 24 hours a day. That is not to say some other people are not on call, too, such as the Secret Service, FBI, people who could be brought back on duty. That is part of the agreement they signed when they signed on for the jobs that they have.

In the military you are literally on call 24 hours a day, and even though you may be off base and at home, or in your quarters on a base, you are still subject to immediate call, subject to orders that may send you out anywhere around the world. So it is a different kind of system. You are subject to a different system of promotions and restraints that are not exactly like the civil service. In fact, they are quite different from the Civil Service System.

All those differences, I submit, suggest that when it comes to active political activity, perhaps the military should also be treated differently. For instance, should the military be able to form a PAC and within their own ranks solicit money, not going outside to the public, but within their own ranks, and contribute to political funds, to particular races?

I do not believe we want to see that happen. I know that some of our NATO allies have gone exactly along that line. But without mentioning any particular nationality, we have seen unions in some of the military forces—and I am sure my distinguished colleague from Arizona would agree that we do not want to see things like that happen here. Nor am I throwing up the specter that that is about to happen here. I think if we were to consider letting the military form PAC's and solicit and contribute, we would have to talk about that very carefully before we set up a system that would permit that to occur.

In fact, I think what we are talking about are changes in the military that are far more profound than the changes that this bill makes for civilian employees. Back when the Hatch Act was originally put into law, the military was specifically not covered, back there in 1939, and was left to what devices they might want to put into place, to do basically the same thing in the military that the Hatch Act does for civilians. They did that. The military restrictions in fact are more strict, more restrictive than those provided in the Hatch Act.

I say to my good friend that when this legislation was being considered in the Governmental Affairs Committee, we did not consider whether military employees should be treated the same as civilian employees and whether there should be differences as far as political activity is concerned. These are very major changes, as the Senator from Arizona is well aware.

I do not say we should not consider this in the future. I know it was brought up last year, and maybe we should have considered it this year before we brought this piece of legislation back out again. We considered it in 1990. Maybe a profound change like this should have been taken into consideration, but this is a very profound change. It has had no hearings per se, no study, no examination of the consequences.

So I reluctantly have to oppose it. At the appropriate time I will move to table. But I do not want to restrict debate on this. For the reasons given, I have to disapprove at this time and will move to table at the appropriate time.

Mr. MCCAIN. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. NUNN. Madam President, the McCain amendment would extend the coverage of the Hatch Act to members of the Armed Forces. The Department of Defense currently has detailed regulations governing the political activities of military personnel in order to maintain the nonpolitical, nonpartisan tradition of military service. These regulations restrict a variety of political activities, while preserving many of the basic political rights of military personnel. It is my understanding that these restrictions have worked well, an that the regulations have not been found to be deficient. These restrictions are specifically tailored to the unique conditions of a military service, including worldwide deployment and 24-hour-a-day duty status.

I am concerned about whether the amendment, which has not received any hearings, would supersede or complicate the administration of current regulations. In my view, before any significant change in the political rights and activities of military personnel is enacted, there should be detailed hearings before both the Armed Services and Governmental Affairs Committee. Accordingly, I will support the motion to table the McCain amendment offered by the distinguished chairman of

the Governmental Affairs Committee, Senator GLENN.

Mr. MCCAIN. I understand the Senator's desire to state the intent to table the amendment at the appropriate time. I am not sure there is a great deal more to say on the issue. I understand his concerns; I think they are legitimate. I will respond as far as raising money for PAC's is concerned.

I am told that the bill says that PAC's would be restricted to only those that are in creation at this time. I know of no military PAC that is being created. So I do not think that would apply if the military were included under this bill. If I am incorrect in that, I would be glad to be corrected.

Mr. GLENN. As I understand it, according to the staff, the only way they can raise money, which I brought up, would be if they had an employee's union, which has been formed by some NATO allies. If they formed a union within the military, they could form a PAC and raise money.

I would not favor such an activity, obviously. But that would be the way it could occur.

Mr. MCCAIN. Well, I say to my friend that on page 15 at the bottom of the page under 7323(a), and I do not want to get too much into it——

Mr. GLENN. On the bill?

Mr. MCCAIN. Yes. It says:

A member of the same Federal labor organization as defined under section 7103(4) of this title, or a Federal employee organization, which as of the date of enactment of the Hatch Act reform amendments of 1993 had a multicandidate political committee.

I read that as being restricted to only those that were formed as of the date of enactment, whether the formed a union or not. It seems to me this reading of the legislation means they could not form a PAC.

It is not a critical point, I say to my friend from Ohio.

What I get back to, I guess, is my concern about the issue of fairness and equity. I do understand the concern of my friend from Ohio about the possibility of the unionization of the military, et cetera. I do not think that is a likely happenstance. I do believe the result of including members of the military in the Hatch Act—when they are off duty, they would be motivated to engage in a certain level of political activity which has been the object of many of the efforts of the Senator from Ohio and from me and from this body. One of the primary objectives, as I understand it, of campaign finance reform is so we could involve more of our citizens. The great danger to our democracy as we know it, in the minds of many, is that fewer and fewer number of Americans participate in the political process.

I believe that what this amendment would do, obviously, would free up and motivate the men and women of the armed services—as we know, they are a relatively young age—to be involved in the political process.

I also regret that it was not part of the hearings. I do not know whose responsibility it was. Perhaps it was mine.

I, again, want to emphasize the fundamental point that I made earlier, which is that we better be very careful how differently we treat members of the military. If we have a segment of our society that becomes so different that it eventually becomes alienated, then there is some danger to our society. I am not in any way predicting that because of their failure to be included in this legislation, it would ultimately lead to that very unpleasant situation. But what I am saying is that these are men and women who voluntarily agree to serve their country for a certain period of time—some of them their entire adult lives, and most only for a few years. To deprive them of the right of political activity and penalize them for doing so, while at the same time they are entering a profession which entails the greatest risk, I think is a serious mistake and, frankly, a penalty which we should not exact on these young men and women.

So, Madam President, I am ready for Senator GLENN's tabling motion at this time.

Mr. GLENN. Madam President, I will move to table in a moment here.

I point out the Senator's legislation provides for any member of the uniformed services, including guard and reserve personnel, which I do not want to debate that right now, but it is all the more reason we ought to look at these carefully. You may have a number of personnel already in civil service and also in the guard and reserve.

What the implication of all that would be right now is something we have to look into.

As to who has been derelict in not looking into this, perhaps I am; perhaps the Senator from Arizona is; perhaps we both are. We have been on the Personnel Subcommittee on the Armed Services on the Governmental Affairs Committee now. So perhaps we can take the initiative in this in looking into it.

I am happy to work with the Senator from Arizona doing that.

Madam President, I move to table the McCain amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question occurs on the motion to table the amendment No. 567.

The question is on agreeing to the motion of the Senator from Ohio to lay on the table the amendment of the Senator from Arizona. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. FORD. I announce that the Senator from Iowa [Mr. HARKIN], is necessarily absent.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. FAIRCLOTH], the Senator from Iowa [Mr. GRASSLEY], and the Senator from Virginia [Mr. WARNER], are necessarily absent.

I also announce that the Senator from Pennsylvania [Mr. SPECTER], is absent due to illness.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 62, nays 33, as follows:

[Rollcall Vote No. 196 Leg.]

YEAS—62

Akaka	Exon	Metzenbaum
Baucus	Feingold	Mikulski
Biden	Feinstein	Mitchell
Bingaman	Ford	Moseley-Braun
Bond	Glenn	Moynihan
Boren	Graham	Murray
Boxer	Hatfield	Nickles
Bradley	Heflin	Nunn
Breaux	Hollings	Pell
Bryan	Inouye	Pryor
Bumpers	Jeffords	Reid
Byrd	Johnston	Riegle
Chafee	Kennedy	Robb
Cochran	Kerrey	Rockefeller
Conrad	Kerry	Sarbanes
Danforth	Kohl	Sasser
Daschle	Lautenberg	Shelby
DeConcini	Leahy	Simon
Dodd	Levin	Wellstone
Dorgan	Lieberman	Wofford
Durenberger	Mathews	

NAYS—33

Bennett	Gorton	McCain
Brown	Gramm	McConnell
Burns	Gregg	Murkowski
Campbell	Hatch	Packwood
Coats	Helms	Pressler
Cohen	Hutchison	Roth
Coverdell	Kassebaum	Simpson
Craig	Kempthorne	Smith
D'Amato	Lott	Stevens
Dole	Lugar	Thurmond
Domenici	Mack	Wallop

NOT VOTING—5

Faircloth	Harkin	Warner
Grassley	Specter	

So, the motion to lay on the table the amendment (No. 567) was agreed to.

Mr. LIEBERMAN. Madam President, I move to reconsider the vote by which the motion was agreed to.

Mr. KENNEDY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LIEBERMAN. Madam President, I believe that the Senator from Arkansas has an amendment that he is prepared to offer at this time.

Mr. PRYOR addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

AMENDMENT NO. 568

(Purpose: To provide for the promulgation of regulations to garnish the pay of members of the uniformed services, and for other purposes)

Mr. PRYOR. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Arkansas [Mr. PRYOR], for himself and Mr. CRAIG, proposes an amendment numbered 568.

Mr. PRYOR. Madam President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 29, beginning with line 9, strike out all through "2101(3)" on line 10.

On page 33, strike out lines 11 through 20 and insert in lieu thereof the following:

"(A) by the President or his designee for each executive agency, except with regard to employees of the United States Postal Service, the President or, at his discretion, the Postmaster General shall promulgate such regulations;

On page 34, line 7, strike out the quotation marks and the second period.

On page 34, insert between lines 7 and 8 the following new subsection:

"(k)(1) No later than 180 days after the date of the enactment of this Act, the Secretaries of the Executive departments concerned shall promulgate regulations to carry out the purposes of this section with regard to members of the uniformed services.

"(2) Such regulations shall include provisions for—

"(A) the involuntary allotment of the pay of a member of the uniformed services for indebtedness owed a third party as determined by the final judgment of a court of competent jurisdiction, and as further determined by competent military or executive authority, as appropriate, to be in compliance with the procedural requirements of the Soldiers' and Sailors' Civil Relief Act of 1940 (50 App. U.S.C. 501 et seq.); and

"(B) consideration for the absence of a member of the uniformed service from an appearance in a judicial proceeding resulting from the exigencies of military duty.

"(3) The Secretaries of the Executive departments concerned shall promulgate regulations under this subsection that are, as far as practicable, uniform for all of the uniformed services. The Secretary of Defense shall consult with the Secretary of Transportation with regard to the promulgation of such regulations that might affect members of the Coast Guard when the Coast Guard is operating as a service in the Navy.".

Mr. PRYOR. Madam President, in behalf of Senator CRAIG and myself, I send this amendment to the desk. It is very simple. It is my understanding—I hope I am not overspeaking myself—that this amendment has been accepted not only on our side but also on the other side of the aisle.

This amendment relates to garnishment of wages to the Federal employee sector, which has never been prevalent in the past. It is now going to be incorporated in the future in legislation that is going to be made the law of the land. However, the Clinton administration recently has expressed some very deep concern, grave concern, as a matter of fact, that the language approved by the Senate did not, in fact, adequately address the very unique situation that members of the uniformed services of the military may encounter because of their particular military duty.

In order to ensure that we do not create an unintended and inappropriate consequence for those in the military, I am joining today with my colleague and friend, Senator CRAIG—who, by the way, I might add, has done a tremendous amount of work in this whole field of Federal garnishment—in offering an amendment which provides latitude by removing the military from the formal garnishment procedures and, instead, provides for the Secretary of Defense to promulgate regulations authorizing involuntary allotments only when necessary to satisfy commercial debt.

This amendment, I might add, incorporates by reference the protections of the Soldiers and Sailors Relief Act of 1940. It goes a step further in requiring that the Secretary's regulations recognize those differences of military duties that may not be covered by the 1940 act.

Also, this amendment will make no change to existing child support enforcement laws.

This letter was sent to me on May 19, 1992, following our subcommittee hearings on Senator CRAIG'S original garnishment bill. General Alexander has testified in general in support of that bill. He offered, I thought, some very constructive suggestions in his letter as to how we might address certain of his specific concerns. The amendment I offer today, supported by Senator CRAIG, incorporates all of the general's recommendations and tracks closely his proposed legislative language.

I have the letter from General Alexander. I ask unanimous consent that the letter and several pages of questions and answers submitted by General Alexander be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE OFFICE OF THE
ASSISTANT SECRETARY OF DEFENSE,
Washington, DC, May 19, 1993.

Hon. DAVID PRYOR,
Chairman, Subcommittee on Federal Services, Post Office and Civil Service, Committee on Governmental Affairs, U.S. Senate.

DEAR MR. CHAIRMAN: This is in reply to your letter of April 3, 1992 concerning the Subcommittee's hearing on the Garnishment Equalization Act of 1991. It was my privilege to appear on behalf of the Department of Defense.

Enclosed for the record are answers to the questions asked in your letter. We are also enclosing legislative language to address our concerns more fully.

Thank you for your support of our servicemembers and their families.

Sincerely,

ROBERT M. ALEXANDER,
Lieutenant General, USAF, Deputy Assistant Secretary (Military Manpower & Personnel Policy).

Q & A GARNISHMENT HEARING

1. Question: At the hearing you referred to DoD Directive 1344.9, which allows creditors to have the commander advise the military member of the member's obligation to pay just debts in a timely fashion. How often and to what extent is the military contacted by commercial creditors regarding commercial debt?

Answer: Commercial creditors normally contact the affected military member's immediate commanding officer, who counsels the military members. The actual counselling may be delivered by the commanding officer or another member of the commander's staff. A legal assistance officer is available to provide advice on the legality of the debt. the Department of Defense does not maintain statistics on how often commercial creditors contact the thousands of commanding officers we have worldwide. The Department therefore is also unable to indicate how often the military member agrees with the commercial creditor's claim, and how often the military member disputes it. Unless the alleged debt is a just debt, commanding officers have no authority to do more than advise the military member of the member's obligation to pay any and all just debts. A just debt is one that has been reduced to a court judgment or been acknowledged by the military member. If the servicemember fails within a reasonable time to pay a just debt, the commanding officer may take disciplinary or administrative action.

PROPOSED LEGISLATIVE LANGUAGE

( ) Except as provided in 42 U.S.C. 659, the Secretary of Defense, after consultation with the Secretary of Transportation when the Coast Guard is not operating as part of the Navy, may issue regulations to provide for the involuntary allotment of the military pay of members of the armed forces for indebtedness owed a third party as determined by the final judgment of a court of competent jurisdiction. The Secretary may prescribe such terms and conditions as the Secretary deems necessary to carry out the purpose of this section.

( ) The term "armed forces" includes the Coast Guard.

Mr. PRYOR. Madam President, I yield the floor. I understand my colleague is on the floor now.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Madam President, let me thank Chairman PRYOR for his consideration in dealing with this issue that is fully addressed in section 9 of this legislation. This is the basic language of my bill, S. 253, that was introduced and passed the Senate by a unanimous voice vote last year.

The chairman has been tremendously cooperative in assisting me in the garnishment of Federal employees. The amendment he has just put forth is certainly an important part of this. We have had support from the Department of Defense.

As the chairman mentioned, General Alexander testified before the subcommittee speaking to this issue, recognizing the importance of those people in the armed services paying their bills, and when a judgment by a court is so appropriate in just debt collection, that they not be exempt. But at

the same time, I think we all recognize that there are those unique circumstances that our military find themselves in in the service of this country that we think separate them from other Federal employees, to some degree.

While I think part of the answer to all of this certainly lies in the Soldiers and Sailors Civil Relief Act, it was the military's concern that that was not as complete as it ought to be as it relates to the whole of section 9. So I am pleased to join in the support of this amendment.

The bottom line is that people should pay their bills. This is an ethic most Americans accept and I think live by, and it is the premise that underlies our credit system. It is also the commonsense understanding behind the legal remedies, including garnishment, that creditors can use against those who do not pay their bills.

So the Garnishment Equalization Act that I introduced several years ago, that is now incorporated and has become section 9 of S. 185, supplies assurance that the remedy of garnishment applies equally to all debtors, regardless of who employs them.

It would plug the current loophole that allows Federal employment to be used as a shield against garnishment. Frankly, there are a good many people across this country who never really knew that that portion of the law existed. We know this reform is workable because it already works in a couple of sections of the Federal Government where some debts are collected and can be collected through garnishment.

For example, in the area of child support payments and alimony, we have already made those exemptions to the current law. You might say we have had a pilot program for many years, which shows that the Federal Government can, in fact, manage the idea of attaching salaries when a debt is well established through the court process. And that is, of course, exactly what we care approaching now in a uniform fashion.

Surely, no one would question the fairness of this kind of reform. It cannot be seriously argued that a particular group of workers should be insulated from paying their debts that they have freely incurred. Federal workers themselves do not make that argument. Indeed, they are strong proponents of applying equal treatment to private and public sector employees. That is why we are debating S. 185 today. Federal workers are asking to be treated more like other non-Federal civilian employees. This portion, section 9, addressed it in the sense of garnishment.

Furthermore, this garnishment reform will help a large portion of the Federal work force who are honest and serious and do pay their bills. Because of the current law, anyone who does business with a Federal employee has to worry about taking a loss if that Federal employee defaults or fails to make payment. Knowing garnishment is unavailable against a defaulting Federal employee could influence a lender to withhold approval of loans to such employees.

By extending the remedy of garnishment, this legislation may help prevent a credit crunch for creditworthy Federal employees.

I might add, Mr. President, we have had numerous phone calls from Federal employees across this country who have related to us those experiences where they went out, they were creditworthy, they looked for a loan, but they ran into a lender who knew there was a provision in the law that could, under the right circumstances, allow them to walk, and they were denied that credit.

Although there are relatively few Federal workers who have taken advantage of their employment status to avoid paying their debts, those few have amassed a surprising amount of debt. Estimates vary, but one well-supported economic study concludes that American business writes off more than $1.2 billion annually in Federal employee bad debt. Well, that translates to a loss of about $300 million a year in tax revenue.

Let me talk about the supporters that have worked with us to provide for this fair and significant reform. First and foremost are individuals across this country who have been writing and telephoning to let me know they want this reform passed. Many of them belong to thousands of local, State, and national organizations and businesses that have formally endorsed the Garnishment Equalization Act, as I mentioned, that is embodied in section 9 of this bill.

Among those who have worked tirelessly year after year to see this reform enacted are members of the Equal Judicial Remedies Coalition, who together represent some 900,000 members. I know the names of the coalition member organizations have already been read on the floor in this debate, but I think it bears repeating considering the diversity of the interests represented by them, from the U.S. Chamber of Commerce to the National Federation of Independent Businesses, the American Bankers Association, the National Independent Automobile Dealers Association, the National Retail Federation, the Savings and Community Banks of America, the U.S. Business and Industrial Council, the National Association of Federal Credit Unions, the National Apartment Association, the National Independent Sewing Machine Dealers Association, the Coalition of Higher Education Assistance Organizations, National Small Business United, the American Collectors Association, Inc., the Society of Industrial and Office Realtors, Commercial Law League of America, International Credit Association, Automotive Service Industry Association, Associated Credit Bureaus, American Guild of Patent Account Management, National Association of Texaco Wholesalers, National Association of Realtors, and Citizens Against Government Waste.

Mr. President, these are not just labels. These are organizations that literally make up millions of Americans who want to see a change in Federal law to permit fairness and equity across the board and to make sure that when the courts levy a fine against some person who has intentionally avoided payment of their debts and is capable of doing so and attaches garnishment, that also applies to Federal employees. This is the essence of the legislation that I introduced several years ago and is incorporated in the current bill.

I worked on this issue, when I was in the House, with ANDY JACOBS, a Democrat from Indiana. It has become, over the years, clearly a very strong bipartisan issue. As I mentioned, Chairman PRYOR has worked with the committee. Let me also recognize our ranking Republican, BILL ROTH, who has stood with us to make it a bipartisan issue as we have moved the legislation along from a freestanding piece now attached to this important Hatch Act reform.

This is the essence of section 9, the very importance of it. At this time I am glad to see that it was incorporated and that we have resolved the issue with DOD. It has enjoyed the support of well over 150 sponsors in the House, with a substantial number of cosponsors here. I am pleased to see that it may ultimately become law as it is tied with this important Hatch Act reform.

With that, I yield back the remainder of my time.

Mr. LIEBERMAN. Mr. President, if there is no further debate, I urge adoption of the amendment offered by the Senators from Arkansas and Idaho.

The PRESIDING OFFICER (Mr. WELLSTONE). The question is on agreeing to the amendment.

The amendment (No. 568) was agreed to.

Mr. LIEBERMAN. Mr. President, I move to reconsider the vote.

Mr. CRAIG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LIEBERMAN. Mr. President, at this time I would like to speak generally to the bill and express my strong support of S. 185. Major overhaul of the Hatch Act is long overdue.

Mr. President, it matters little to the Republic, but considerably to me, that when I was in law school I actually wrote a paper on the Hatch Act, and, appropriate to my status as a law student, I argued that it was grossly unconstitutional. It gives me a feeling of

great satisfaction and pride to stand here as a Member of this august body from the State of Connecticut to express that same view after these many years, unchanged in my opinion.

The bill before us, S. 185, does not fully express the view I wrote in my paper at law school, but nonetheless it certainly represents an improvement and accommodation between the political rights of Federal workers and the need to protect them and the public against political coercion.

Mr. President, the approach taken by the Federal Government since the Hatch Act was passed in 1939 has been to place broad categorical restrictions on the political rights and freedoms of Federal workers. Federal workers are still permitted to vote and to contribute money to a partisan political campaign, but they can do very little else. If the candidates for an elected office are nominated by political parties, a Federal employee cannot even volunteer to stuff envelopes, drive voters to the polls, or make telephone calls on a phone bank.

In my own State of Connecticut, where candidates for local office are nominated by parties, the Hatch Act means that a Federal employee, solely because he or she is a Federal employee, cannot run for the school board, the town council, or the board of finance.

Mr. President, I believe that these categorical bans, across-the-board bans on political activity by Federal employees during off-duty hours cannot be upheld except by reading the first amendment's promise of political freedom for every American to have a clause that says "except for Federal employees."

I reject the notion that the first amendment rights of Federal employees should be subject to less rigorous constitutional protection than those of people who are not Federal employees.

The Supreme Court has held, and I think all of us would agree on this point, that a citizen's political activity is speech and expressive conduct subject to the protection of the first amendment. As such, any restriction on political activity should be justified by a compelling governmental interest unrelated to the suppression of free expression and the restriction must be narrowly tailored to the interest sought to be addressed.

Mr. President, the current Hatch Act can hardly be said to pass this test. While the Federal Government's interest in preventing political coercion of and by Federal employees and in maintaining a merit-based civil service system are compelling interests, the restrictions imposed by the Hatch Act are not at all narrowly tailored.

The Hatch Act does not simply prohibit the types of conduct feared, such as coercion of subordinates for political reasons, the abuse of official authority, for instance, to influence or interference with an election, or political coercion of citizens doing business with a Federal agency. No. The Hatch Act clearly goes much further than preventing the specific misdeeds that one could reasonably be worried about.

A review of what the opponents of S. 185 believe Federal employees can do under this bill itself illustrates the tremendous overbreadth of the current Hatch Act.

Mr. President, the Republic surely will not fall, and the civil service will surely not be destroyed simply because Federal employees can do the following deeds which are under S. 185: Distribute campaign literature and solicit votes, but only while off duty; organize and participate in phone banks, but only while off duty; organize and participate in a political meeting, but again only while off duty; publicly endorse candidates and urge others to support them, but only while off duty; solicit contributions to the PAC of a Federal employee organization to which both the soliciting Federal employee and the donor belong, but only while off duty and only if the soliciting Federal employee is not the donor's superior.

In other words, a Federal employee under this bill cannot solicit a campaign contribution from just anybody, and obviously cannot solicit anybody doing business with his or her Federal agency. They can only solicit another Federal employee and only while off duty and only so long as the donor employee is not a subordinate of the soliciting employee, so there is no implied or explicit coercion.

Finally, this bill does allow Federal employees to hold office in a political party, but it does not permit them to carry out the duties of such an office while on duty.

So again I repeat, those who oppose the bill are opposing allowing Federal employees to take and exercise those specific political freedoms that I have just enumerated.

The approach taken by the committee in its revision of the Hatch Act cuts back on the overbreadth of the Hatch Act without meaningfully sacrificing protection of Federal employees and the public. What we really fear—the conduct that we really want to stop—still is strictly prohibited.

For instance, it will be illegal—it will be a crime—to attempt to coerce any Federal employee to engage in or refrain from engaging in a political activity.

Under this bill, if passed, it will still be a crime for Federal employees to solicit political contributions other than for their Federal employee organization PAC.

It currently is and will continue to be a crime for a Federal employee to use his or her official authority for the purpose of interfering with or affecting a Federal election; to promise directly or indirectly any employment, position, compensation, contract, appointment or other benefit as a consideration, favor, or reward for political activity.

It will continue to be a crime for any Federal employee to deprive or threaten to deprive any person of any employment, position, work, compensation, or other benefit on account of political activity.

And, if this bill is passed, it will continue to be a crime for any Federal employee to solicit political contributions in any Federal building or office.

Mr. President, S. 185, as reported by the Committee, continues the categorical ban against Federal employees running for elected office in partisan elections even at the local level.

I must say personally—I speak only for myself—I am not convinced that such a categorical ban is justified. The State of Connecticut has long permitted its employees to stand for election in partisan elections and that right has not been abused. It has not resulted in politicization of the civil service of the State of Connecticut.

Federal employees, like other citizens, should be able to stand for election in local races even if those races are partisan—as incidentally, has been provided in the House-passed bill under an amendment that I am proud to say was offered by my colleague from Connecticut, Congresswoman NANCY JOHNSON.

Mr. President, the fact is that when we talk about allowing Federal employees to participate in local elections, even if they are partisan, as candidates for local office, we are doing so not simply to protect the freedom of Federal employees. We are doing so to improve the quality of local governance, because by this Hatch Act ban we are depriving thousands of local communities throughout this country of the opportunity to have Federal employees experienced in questions of governance, obviously committed to public service, to take those motivations and that experience and apply them for the benefit of the citizens of the community in which they live, whether it is on the board of education, the board of finance, the common council or any other local governmental organization.

So I would like to see us go beyond what this bill, S. 185, provides and allow Federal employees to be involved in partisan local elections. But I come back and say that this bill will not allow Federal employees to this. For those who are concerned on the other side of this question, this bill only allows Federal employees to be candidates in nonpartisan local elections, as they already are permitted to do.

Mr. President, this is a matter, in my opinion, of fundamental fairness to those individuals who have chosen to

make public service their career. We should stop penalizing them and denying them their first amendment rights simply because they are public servants. It is time to enact fair Hatch Act reform. This bill, S. 185, would do exactly that.

I thank the Chair.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. LIEBERMAN). Without objection, it is so ordered.

Mr. WELLSTONE. Mr. President, I rise to support S. 185, the Hatch Act reform amendments.

Mr. President, I think I will have more to say perhaps tomorrow on the floor of the Senate, but as I was presiding and listening to the analysis of the now occupant of the chair, I thought it might be timely for me to speak for a short period of time about this reform legislation.

Under the bill, Federal employees could carry posters at political rallies. Under this legislation, Federal employees could distribute campaign material or stuff envelopes. Under this proposed legislation, and I believe will become the law of the land because I believe we will pass it in the Senate, and I believe the President of the United States of America will sign this bill. Under this bill, Federal employees could participate in voter registration or drives or phone banks. Under the bill, Federal employees could not run for partisan elective office, although I agree with the Chair; I would prefer that they could. I think it is their political right to do so. They could not solicit political contributions from the general public or subordinate employees. That prohibition makes sense in terms of being a safeguard against any abuses.

I am pleased to support this piece of legislation, and I guess now that I have been in the Senate for about 2½ years or so, I am looking forward to voting for this. I am looking forward to this long overdue change and reform. I think it gets down to political rights of Federal employees. I do not know about the occupant of the Chair or what would be the situation of the Senator from Ohio who is now on the floor, but so often, Federal employees have come up to me and have said they would really like to work on a phone bank or do voter registration, but they cannot do it.

I cannot remember how many times I have been asked whether or not I would support this reform, whether or not I would make it possible for people to more fully participate in the political life of this country, and if there is one thing I guess I am a big believer in, it is in expanding political participation. I feel very strongly that our country will be a better country, to the extent that we can expand political participation, enlarge the electorate, and involve people in politics in a deep and significant way.

I think for too long a period of time Federal employees have not had that right. I would like to see the bill go further in terms of expansion of those political rights. I think it is a huge step forward. There are plenty of safeguards here against potential abuse. But what we need to change is essentially a situation where people cannot exercise their full political rights in the United States of America.

I argue that this is a good government reform bill, because I think anything that expands participation, within clearly reasonable terms, any proposed piece of legislation that involves citizenry, any proposed piece of legislation that involves more people in our elections is a good thing.

One of the problems is that we have such dismal, low rates of participation. So that would be all for the good of this country. I am pleased with the work of Senator GLENN and others. It is not all that I desire; I would like to push it further. Quite often that is the case for me in the Senate, but I am pleased to speak for this.

I yield the floor.

The PRESIDING OFFICER (Mr. WELLSTONE). The Chair recognizes the Senator from Ohio [Mr. METZENBAUM].

Mr. METZENBAUM. I thank the Chair.

(The remarks of Mr. METZENBAUM pertaining to the introduction of S. 1224 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. METZENBAUM. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. AKAKA). Without objection, it is so ordered.

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent to speak as if in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUPPORT FOR THE UNITED NATIONS IN SOMALIA

Mrs. KASSEBAUM. Mr. President, I would like to speak for just a moment about the evolving situation in Somalia and to express my strong support for the U.N. operation in that country.

I share the concerns of many about the recent violence in Mogadishu. At times, the United Nations has acted with a heavy hand. These actions have, unfortunately, only increased the popularity of General Aideed—who has really, in many ways, I would suggest, Mr. President, been a thug—and have led, however, to rifts within the U.N. peacekeeping operation.

Nevertheless, I strongly disagree with those who believe that the United States should withdraw from the U.N. effort in Somalia. We have accomplished much in that country, and we must not lose sight of that fact. Leaving now would only compound the current tragedy and exacerbate the violence.

The United Nations has called for the arrest of General Aideed, and U.N. troops, I think, should move quickly to arrest him. To leave him there to conduct these hit-and-run raids only encourages the population to support him as a martyr. I think as long as he is out there acting in this capacity, he wins by those actions alone. He is a war criminal who has committed countless atrocities.

But while the growing violence in Mogadishu is serious, we should keep these events in perspective.

Mr. President, outside Mogadishu, the situation is increasingly stable and hopeful. In the region between the Scebeli and Juba Rivers—the area that has been hardest hit by the famine last year and the civil wars—a good harvest is expected. Schools have been turned into feeding centers; the Somalia police force has been created.

In addition, real progress is being made on the political front. Last week, local government councils were established giving all Somalians, not just the warlords, a role in running their country. Because of the U.S.- and the U.N.-led humanitarian mission, the overwhelming majority of the people in Somalia are back on their feet and resuming normal lives. Much of the media and many in Congress have ignored this success.

We should also note that the United Nations operation in Somalia is not a United States effort. Of the 21,000 U.N. troops that are in Somalia, only 4,000 are United States troops, and those are largely there for logistic support. Pakistan has more troops in Somalia than the United States. France, India, Zimbabwe, Belgium, and Morocco all play key roles in the U.N. effort.

The next few weeks, Mr. President, will be critical for the future of the U.N. operation in Somalia. I strongly agree with the relief agencies that we must keep in mind the overall objective in the U.N. effort, and it is one that has been there since the very beginning of this operation—at the end of 1992—to create a political and economic environment for conditions that are necessary for the Somali people to help themselves.

I suggest that that has been a goal of the U.N. effort. It has been a goal of

the United States to assist in this effort, and we must not lose sight of what is happening in all of Somalia, in light of the tragedy that has been occurring in south Mogadishu.

The United Nations has accomplished much in Somalia. I do not dismiss or underestimate the difficult challenges that lie ahead, but if the United Nations abandons Somalia, the country could easily degenerate back into civil war and mass starvation.

That is what we intended to address, and it was stopped. Now is the time for perseverance. Now is not the time to give up.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I ask unanimous consent that I be permitted to proceed for no longer than 5 minutes as if in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE BUDGET

Mr. DOMENICI. Mr. President, later this evening—perhaps within the next hour or so—I will send to the President to his personal attention and to the attention of the OMB Director Leon Panetta a letter that will be signed by the Republican leadership here. And it is late in the evening. So I cannot get all of the minority Senators—but leadership plus myself and a few others will sign this letter.

The letter is a very simple one. It says that according to the law of the land, that is, section 1106 of title XXXI of the United States Code, the administration is requested to transmit to Congress a supplementary budget prior to July 16, of each year. The day after tomorrow is the 16th. This supplementary budget has taken on a nomenclature, a name that is called a midsession review. It is intended to come before the end of the year so that we can see exactly where we are, and how far off we have been on our estimates made earlier in the year of the deficit, and if there have been changes in that deficit, what has changed.

Frankly, in this letter we will suggest to the President that it is already on the table and rather public, that the deficit is very different on July 16—2 days from now—than it was in February when the President sent it up here and sent his vision and the proposals that he put together which he chooses to call a jobs package, or an economic package.

Obviously, I cannot say that without saying I do not think it will produce any jobs. I do not think it is an economic recovery package. But having said that, it is pretty much understood that that deficit, Mr. President, is $50 billion less today—and will be that tomorrow, and it will be that on the 16th—than it was in February when the President sent up his vision plan and his budget.

Frankly, that is a lot of money. In fact, one might remember that it was around that time that the very large deficit of $322 billion, which was the February estimate, that the President said, well, I have to send you a different budget than I campaigned on. Do you remember that? It was different because the budget deficit had gone up, the President said, since he campaigned.

There, again, I do not want to even leave that statement as if I agree with that, because the truth of the matter is that increase that showed up in August of the election cycle. It came from none other than the Congressional Budget Office, the office which the President said is the real genuine referee.

So I think the administration knew or should have known that the deficit was up when the President was campaigning, during which time he made a lot of commitments to the American people, among them just off the top of my head, there would be no gasoline tax. There is now.

We will cut the middle-income taxes somewhat to make up, as he put it in his campaign, for the middle income of America having lost out.

Well, the truth of the matter is that the deficit is down by almost as much as the President said it was up. I would think that would be an interesting official number to have out here in front of Congress and the American people as the conferees from both Houses vote on a tax package which is supposed to bring the deficit down over time.

Again, I am not all sure it will do that. And some of it was predicated upon the fact that the deficit had gone up too much from August or July of the Presidential cycle year to February or March. Well, it is back down. I think that is common knowledge.

What we need is what the law says. We need the midsession review which is an official document under the auspices of the President through Budget Director Panetta that says here is what the estimate is for the deficit for 1993.

I am suggesting that I am getting words out of OMB that say: You are not wrong, Senator DOMENICI, it is down. In fact, I think the Congressional Budget Office said to a reporter from the Washington Post: Yes, it is down in the neighborhood of $260 billion. Well, if $260 billion is the number, from $322 billion, then it is $62 billion less than it was when the President sent his budget up. But what we need to know is why. I do not think we should accept from the White House, the President, or Mr. Panetta, my long esteemed friend, that we do not need that. We will wait until the big deficit package, with that $250 to $280 billion in new taxes, is put together. And then we will give you this, Mr. President, if in fact this deficit is coming down. Because of some numbers, I believe that may be true, such as the revenue stream to the United States Treasury is up over the estimate in February by 5.5 percent. That is a pretty big revenue stream increase without any new taxes; because, in fact, the economy got out of the deep trough and started back up.

If that is expected to continue, even at 2 or 2½ percent GDP growth, we ought to know that. In fact, I could give you numbers right here that would be startling. If that revenue stream continues at that pace and the expenditures of the Government keep on at the pace that those expenditures occurred during the first 8 months of 1993, believe it or not, the deficit will be substantially less in 1998 than it will be after we put all of the taxes on and the entire economic plan.

I am not suggesting that is the case. But I think we ought to know, are their experts already projecting that revenues are going up without this bundle of new taxes? Will it be consistent? I do not know.

But I believe, once again, that the public should know. They are being asked to pay a huge new tax, part of it in 1993. I think the occupant of the chair knows that the new income tax was, at one point, retroactive to January 1 in its totality; $37 billion in new income taxes were going to be put on, effective last year, or January 1. That is kind of unheard of. It sort of sounds un-American to tax retroactively. The amount was cut in half for the year, but it is still retroactive. It is half spread out over the whole year. Actually, that should have a negative effect, if my understanding of economics is right. And next year's would have more of an economic effect by putting the taxes on top of a recovering set of economic activities led by small business.

Nonetheless, the law is relatively clear. It is not as if anything can be done about it. It just says the President or the administration shall submit this. I also want to say that I am fully aware that there is an enormous reduction in the total expenditures of the Federal Government, year over year, thus far; 1992 expenditures versus 1993 expected expenditures are way off. They are much lower. And some might say they are lower because of one-time events.

The S&L bailout is not costing nearly what we expected. That is a big item. Some will say it is new savings accruing because interest rates are

down. I think we have that figured. That is $3 billion out of the $50 or $60 billion. The revenue is a big part of it, and we actually have the expenditures of our Federal Government down, in addition to the one-time events like the S&L bailout, RTC funding, and the like.

I just think we ought to put them all on the table and get them official. We do not have to have any confusion, or anybody making claims about how we got the deficit down. That muddles up the reasons, because to the extent that this comes down by $60 or $50 billion, nobody can take credit for that in this administration.

The reason I mentioned interest rates is because the President does, from time to time, take credit for interest rates being lower. That is very questionable to me, but let us give him that. That is $3 billion of his package, although I do not agree that very much of that has to do with a budget plan that has never been adopted yet. Some people think it has.

All the rest are the natural occurrences flowing from the budget agreement that existed prior and to reductions in expenditures, including very significant reductions in defense, and to the revenue stream of taxes from the American people coming in on the upside again at 5.5 percent, the new revenue stream over the year before.

So I do not think there ought to be a big argument over this. I do not come to the floor particularly to make a partisan issue out of this. And let me make it clear. I do think there is a real chance that if this is not done—and clearly the work is done; I cannot believe OMB is really not ready. They knew about it, and it has to be ready. It is in the law. But there is a real chance that there will be a suspicion that the reason it is not being done is that you can cloud the issue after you pass the big, new package and kind of muddle up what did the new package do versus what happened without it.

I am not accusing anybody of that. But I think it will naturally be almost impossible to get a clear statement of this $50 to $60 billion and its effect on the next 4 years if what you are going to do with a midsession review that is due on July 16, 1993, if you include in that this huge, gigantic tax increase and reconciliation bill, and say we will put them all together—and it will not be a July 16 stopover point and looksee point; it will be perhaps a September lookover point.

I do not think that is right. I just do not think it is the way to do business, especially in these days when people are very, very profoundly disbelieving. I do not think we want to be in a position, as the minority party, in September, to be making accusations about the economic plan of the President's. But we want facts, and then we will state facts.

Frankly, I think it should be obvious that this is a very much-needed, very simple approach. There are many reasons for it to be done and few reasons for it not to be done. It can be confusing if we do not do it. It can be the subject matter of long debate as to what really did what; who really did the positive things that caused the economy to come down.

Frankly, right now, if the revenue stream is up like I said, and if that is going to be consistent, then the taxpayers can claim that they got the deficit down.

They are already paying the additional taxes by way of this new revenue stream without another new tax. So they ought to know it. They ought not be confused that they were already paying this new tax that came from the 1990 agreement. Now you are going to pay more and we are really trying to make it so you really will not know is which.

I do not think the President would like that. I just do not believe that is what they want. I do not think that is what our friend Leon Panetta wants. Maybe they have just not seen it our way thus far, and maybe we are just seeing it our way for reasons that are not very rational to others, in which event it would be nice to have an explanation.

But I believe the Senate should go on record eventually as saying we ought to have this. If is fair. It is mandated by law. Why not do it?

If for some reason the decision was made some time back by the administration—and July 16 is very close. You know, I would listen to reason if they could not do it for 3 or 4 days after that deadline. But I remain convinced, until proven otherwise, that that can be done very quickly. I just know enough about how it is all put together to think it is not sitting out there waiting to be done. My best, best intuition tells me, based on a lot of facts and a lot of things that I know about, that it is probably in the oven getting cooked, getting baked—should not used cooked because it sounds kind of like—getting batched up like I am working on something very nice in the kitchen, when it comes out it is something very good. That is where it is.

I hope we will not have this problem tomorrow or the next day, but that the President will give his OMB Director instructions to get it done, and then we will not have any reason to be second-guessing or doubting; we will all be less confused, much more forthrightly attentive to the new package without flipping our attention back and forth on which package or what really brought this deficit down.

Mr. President, I ask unanimous consent that our letter to the President be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, DC, July 14, 1993.

The PRESIDENT,
The White House, Washington, DC.

DEAR MR. PRESIDENT: As you are aware, Section 1106 of Title 31, United States Code, requires the Administration to transmit to the Congress a supplementary budget prior to July 16 each year.

In fairness to everyone and before the Congress begins its conference on the Budget Reconciliation bill, this Mid-Session Review of the budget should be made available.

It is now clear that the current year's deficit will be significantly lower than what your Administration projected in April—maybe as much as $50 billion lower. This appears to be largely due to spending restraint, reduced interest payments, and lower spending for ailing financial institutions. At the same time the Treasury Department reports that, while tax rates have not changed, revenues for the first eight months of the fiscal year have increased nearly 5.5-percent compared to the comparable period last year. These are positive signs. It would be timely and appropriate to assess the policy implications of these lower deficit estimates.

Furthermore, I am certain you would agree that Congressional conferees meeting to forge a budget should have access to the most current figures. Such information could prove invaluable as we move to shape a budget plan that will reduce our annual deficits while encouraging economic growth and job creation.

We believe the Mid-Session Review serves as an essential milepost, informing Congress and the American people where we are, how far we have come, and the distance that remains as we move to reduce the federal deficit. Therefore, it is our hope the Office of Management and Budget will submit to Congress the Mid-Session review before the Friday, July 16 deadline. We look forward to receiving it.

Sincerely,

Pete V. Domenici, Ranking Republican Member, Senate Committee on the Budget; Bob Dole, Republican Leader; Bill Roth; Trent Lott; Phil Gramm; Bob Packwood; Don Nickles; Nancy Landon Kassebaum; Thad Cochran; Strom Thurmond; Ted Stevens.

Mr. DOMENICI. Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. WOFFORD). Without objection, it is so ordered.

FAMILY VALUES—A WEST VIRGINIA VERSION

Mr. BYRD. Mr. President, much talk is heard in political circles about "family values."

Unfortunately, that term—"family values"—is used too often in a vague, almost polemic sense, with little effort to define the meaning of "family values," and more unfortunately, with little finite evidence by which to dramatize "family values."

I hope today to give a more concrete shape to that phrase, "family values," and to provide an outstanding example of family values in action and in results.

Longtime friends of mine, in Raleigh County, WV, where my barber of many years—my barber of many years, Mr. Walton Riffe, and his wife Alma; Mr. Riffe is deceased now—but the Riffes had 18 children, of whom 17 survived to adulthood.

Last year, I stopped to visit with Mrs. Riffe during one of my engagements in southern West Virginia, at which time I requested a group portrait of the surviving Riffe family.

The Riffes graciously sent me a contemporary group portrait, and included with that portrait two earlier group portraits and a letter updating their overall situation.

The immediate offspring of Walton and Alma Riffe of Raleigh County, WV, count among themselves 12 bachelor's degrees, 5 master's degrees, and 1 law degree, for a cumulative 72 years of higher education through which Walton and Alma Riffe and their assorted siblings supported one another and themselves by work and through shared bank accounts. As each brother or sister completed college and entered the work force, that one supported the next brother or sister in his or her turn.

Further, six of the nine Riffe boys served in the military, both in peacetime and war, representing among them the Army, the Air Force, and the Navy.

Now respected members of their communities, the sons and daughters of Walton and Alma Riffe have provided 30 grandchildren and 13 great-grandchildren to enhance the Riffe name.

Considered in this light, "family values" represents no political shibboleth to hurl at one's opposites, but a living confirmation of a value system that is older than America itself—a value system based on family love and loyalty, shared burdens, mutual unselfishness, patriotism, and genuine foresight—a value system without which, regardless of a nation's military prowess, superpower status, economic vigor, or international prestige, no nation can expect long to exist, much less forestall the exigencies of history or the caprice of those forces that swell and shrink the fortunes of empires and states.

But such an example of living family values is not alien to other communities in West Virginia.

Mr. President, I could go throughout many counties and communities in all parts of West Virginia and shine a proud spotlight on countless West Virginia families of many ethnic and religious backgrounds that embody, over numerous generations, the value systems and the faith that made, and have kept, this country strong, both in war and in peaceful pursuits. Again and again, those qualities that made the Riffe family remarkable have made other West Virginia families unique as well.

With pride, I salute the family of Alma Riffe for their sterling achievements and for the principles that their collective and individual success represent, and I ask that the letter accompanying their framed group portraits be printed in the RECORD as written evidence that the deepest of American values are alive and flourishing in West Virginia.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NOVEMBER 26, 1992.

The Honorable ROBERT C. BYRD.

DEAR SENATOR BYRD: Enclosed is the picture you requested. We are very flattered by your interest and inquiry regarding our family and we thought we would take this opportunity to tell you a little about the family's accomplishments.

Sitting around the Thanksgiving Day dinner table today discussing our good fortune certainly prompts us to reflect on some of the things for which we are thankful. Among the many are the 72 years of higher education that Mommy and Daddy supported us through resulting in five Masters degrees, one Law degree, 12 Bachelors degrees and too many certifications to count. We all worked to put ourselves and our brothers and sisters through college; often sharing bank accounts which provided a means for one to supply the funds while another prudently utilized the funds. When requirements for graduation were met, this sibling was prepared to assist another through the same process. It's amazing how little it really takes to get through if you know the supply is limited. Luxuries were seldom afforded.

We can also boast that six of the nine boys served in the military, during peace time and war, and represented proudly the Army, the Air Force, and the Navy. All were honorably discharged and brought home many an earned medal.

We all still try to get together as often as we can and update the family pictures and have for several generations set aside the Fourth of July for the official family reunion. There were some years as we were growing up that some of the children could not make it home because of serving in the military or other obligations. We stayed in touch and always knew where "home" was.

As you may recall, Daddy worked long hours in the Barber Shop, usually after tending a garden or caring for farm animals in the early morning hours. There were always farm chores to be shared and completed by the children. Mommy always kept the home fires burning and, as you know, clothing and feeding a family of 19 was no small task. She continues to serve as a saintly example for us and for this we are grateful. We all pulled our end of the load and continue to practice the moral and ethical standards our parents imparted. We were raised to be humble but proud; resourceful but honest. We are proud of our state and country and still get misty eyed when we hear the National Anthem. We have succeeded by supporting one another and are making an attempt to impart the same family values that were precious to our parents on to the 30 grandchildren and 13 great-grandchildren. And, yes, if this sounds a little old fashioned, you will find us guilty of loving and respecting our mother; honoring and supporting our country and flag; gathering as often as we can to enjoy the fruit of someone's labors and indulging in some homemade apple pie.

Mr. Byrd, it is quite an honor for Mom to receive you as a guest in her home and entertain your phone calls. We appreciate the attention you have given her and others in the community and ask that you continue to remember them even with your very busy schedule.

Respectfully yours,

THE CHILDREN OF ALMA AND WALTON RIFFE.

Mr. BYRD. Mr. President, I invite my colleagues to come by my office and see this beautifully framed portrait of a beautiful family. I see my friend of Roman ancestry on the floor, PETE DOMENICI. The early Romans were noted for their family values. I hope he will come by and see this portrait of the Riffes.

And also my good friend from Alaska, TED STEVENS. He has a wonderful family. A daughter, Lily, who is a splendid young lady, a fine example, and he must surely be, as I know he is, a fine example of a father, a good father, one who gives some time to his family, one who has loved his family and whose family loves him.

I want to close by congratulating TED STEVENS and his wife Catherine, and all the others in the Senate who are true to their families and who give of their time to their children and who teach their children to respect and to honor their fathers and their mothers. Such people are the Riffes at Crab Orchard, Raleigh County, WV.

Mr. President, I yield the floor.

Mr. STEVENS addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. Mr. President, I am glad of the comments of my good friend from West Virginia. I only wish what Senator BYRD has said would be totally true. I think those in the Senate at times neglect our children and do not get to the baseball games or the ballet recitals or to the school plays that we should get to because of our penchant to stay late into the night.

But I am grateful to him for his comments personally and for his recognition of my children, and particularly my daughter, Lily, who is really one of the Senate families. She has grown up here in the Senate. I appreciate his comments very much.

HATCH ACT REFORM AMENDMENTS

The Senate continued with the consideration of the bill.

Mr. STEVENS. Mr. President, I want to comment on why I support this bill that is before the Senate, the Hatch Act Reform Amendments of 1993, S. 185. I have reminded my colleagues on this side of the aisle from time to time that I was the author of the bill that would have reformed the Hatch Act under the

Ford administration. It was a bill that went much further than this bill. It was vetoed by my good friend President Ford. I regretted that, and I have been working since that time to try and fashion a bill that would become law.

I am hopeful this will become law because I happen to believe that being a member of the staff of the Federal Government should not disqualify a person from the rights that are guaranteed under the Constitution. If I had been a member of the Supreme Court, I would have voted contrary to the precedents and had ruled that the Hatch Act, insofar as it prohibited voluntary political activity and voluntary political contributions by those Americans who work for our Government, as being unconstitutional. I do not believe that we should have denied these rights. I do believe that the Federal employees should have the protection, as was in the original Hatch Act, to prevent those in high public office from coercing Federal employees to contribute or from coercing them to participate in political activity, but voluntary activity on behalf of any American to support our system under the concepts of free speech, in my opinion, should be preserved.

This bill goes a long way toward restoring those rights to our Federal employees. It does not go as far as I would go, as the drafter of the bill that was vetoed in 1976. My bill would have allowed contributions to be solicited by Federal employees from the general public. It would have allowed partisan political activities, running for partisan elective office. The 1976 bill did not prohibit Federal employees from running for political office at any level. I do believe that is right.

It is obvious that there is not the general sentiment here to go that far, and I do believe that the bill we have brought out of committee—I commend my friend from Ohio, Senator GLENN, for his willingness to get a bill that could be signed.

Beyond that, I come to the floor to sort of tell some of the people who think that there is partisan advantage to this bill that they ought to wake up and read some of the headlines and they ought to realize that Government employees are not necessarily members of the Democratic Party or necessarily members of the Republican Party. They are a sizable portion of the American public that works for the Federal Government trying to keep our Federal system working. I believe they pursue their own personal interests the way any other American would in attempting to elect people to represent them.

I have a whole series of quotes. I am not going to put them all in the RECORD. I am just going to read some of the quotes. These are from the Federal Times this year on their quotes from the Federal Employee Union or Federal employee organization leaders about politics, and some of them are pretty strong.

I want to print them all in the RECORD, Mr. President. I ask unanimous consent they be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

"It's good politics to beat up on federal employees. The Clinton folks are really good at running a campaign."—John Sturdivant, president of the American Federation of Government Employees, regarding Clinton's proposal to freeze Federal employee pay.

"It reminds me of some of the bad old days. * * * It takes away a little of the dewy-eyed innocence that any of us may have had. It was a shock to me."—Robert S. Keener, president of the National Federation of Federal Employees, regarding Clinton's proposal to freeze Federal employee pay.

"Within the context of other proposals this is unconscionable. Employees are already taking a double whammy, but now they are being hit three times. * * * We haven't accepted these types of proposals from Republicans and we certainly don't intend to accept them from Democrats we've worked hard to elect."—John Sturdivant, president of the American Federation of Government Employees, regarding the Clinton proposal to revise the formula to determine the Government share of FEHB premiums.

"It stinks. President Clinton vowed to spare people who make less than $30,000 per year, arguing correctly that those in this group have sacrificed enough in the past 12 years. But 46 percent of federal workers fall into this category, and for them, the pay freeze and the health insurance cuts amount to a 6-percent increase in their income tax rate."—David Schlein, national vice president of the American Federation of Government Employees.

"When this administration is advocating new spending for college tuition grants * * * how do they justify a proposal to eliminate what can only be seen as educational assistance income for the surviving children of their own former employees? We are surprised and saddened that an administration which correctly touts the importance of responsibility for families and children can initiate plans for reducing the benefits of widows and children which its own staff retirement program has historically provided."—Charles Carter, president of the National Association of Retired Federal Employees, regarding the Clinton proposal to reduce benefits to surviving children and spouses.

"Clinton must find alternatives to undermining the federal work force, and find revenue to replace provisions of his plan which unfairly target the career work force, whose support and creativity he needs to keep the government operating."—AFGE Local 3354 (St. Louis).

"After the hard work and support for the election of the Clinton-Gore team, AFGE members were hurt once again by the pay freeze."—John Sturdivant, president of the American Federation of Government Employees.

"It will make a distrustful and skeptical work force even more cynical about the prospects of having their work evaluated and rewarded fairly."—Robert Tobias, president of the National Treasury Employees Union, regarding the Clinton proposal to tie locality pay and annual raises to performance.

"Now that the time has come for President Clinton to put candidate Clinton's plan into action, we are discovering that federal employees will be expected to shoulder a hefty portion of the burden involved in repairing America. * * * Only six months into the administration we looked forward to with such great anticipation, and already the federal work force has taken three major hits (pay freeze, cut survivor benefits, delay locality pay)."—Robert S. Keener, president of the National Federation of Federal Employees, in a letter to the editor.

Mr. STEVENS. Mr. President, I have in my desk copies of the original editions of the Federal employees Federal Times. My friend, John Sturdivant, who is President of the American Federation of Government Employees said, regarding the President's proposal to freeze Federal employee pay:

It's good politics to beat up on Federal employees. The Clinton folks are really good at running a campaign.

Robert Keener, president of the National Federation of Federal Employees said about the same proposal:

It reminds me of some of the bad old days * * * it takes away a little dewy-eyed innocence that any of us may have had. It was a shock to me.

John Sturdivant made another statement:

Within the context of other proposals this is unconscionable. Employees are already taking a double whammy, but now they are being hit three times. We haven't accepted these types of proposals from Republicans and we certainly don't intend to accept them from Democrats.

Another quote from David Schlein, national vice president of the American Federation of Government Employees about the President's proposal. He said:

It stinks. President Clinton vowed to spare people who makes less than $30,000 per year, arguing correctly that those in this group have sacrificed enough in the past 12 years. But 46 percent of Federal workers fall into this category, and for them the pay freeze and health insurance cuts amount to a 6 percent increase in their income tax rate.

Charles Carter, president of the National Association of Retired Federal Employees about the proposal of the administration to reduce benefits to surviving children and spouses, said:

When this administration is advocating new spending for college tuition grants, how do they justify a proposal to eliminate what can only be seen as educational assistance income for the surviving children of their own former employees? We are surprised and saddened that an administration which correctly touts the importance of responsibility for families and children can initiate plans for reducing the benefits for widows and children which its own staff retirement program has historically provided.

The AFGE local in St. Louis said:

Clinton must find alternatives to undermining the Federal work force, and find revenue to replace provisions of his plan which unfairly target the career work force.

Again, another quote from John Sturdivant:

After the hard work and support for election of the Clinton-Gore team, AFGE members were hit once again by the pay freeze.

Robert Tobias, president of the National Treasury Employees Union, said about tying locality pay and annual raises to performance:

It will make a distrustful and skeptical work force even more cynical about the prospects of having their work evaluated and rewarded fairly.

I mentioned Robert Kenner before, National Federation of Federal Employees:

Now that the time has come for President Clinton to put candidate Clinton's plan into action, we are discovering that Federal employees will be expected to shoulder a hefty portion of the burden involved in repairing America. * * * Only 6 months into the administration we looked forward to with such great anticipation, and already the work force has taken three major hits (pay freeze, cut survivor benefits, delay locality pay).

My point in reading those is not to get political, Mr. President, but it is to say no one can take for granted where the Federal employee is going to be in coming elections. This bill is going to restore a portion of their rights to participate in the political process, and anyone on this side of the aisle or that side of the aisle who assumes they are going to stay rigid in terms of any party identification, in my opinion, is wrong. I think they break down in terms of party affiliation as the national scene does in terms of Republican and Democrat, Independent or otherwise. And they should not be put into one category or the other.

I have told some of our friends who are standing outside in the Hall, some of the union representatives who are advocating passage of the bill, that they should not think the passage of this bill is going to mean it is going to increase their membership or it is going to decrease their membership.

What is going to happen is they are going to have to work harder because of more people out there who will participate directly in politics. Up until now, the only Federal employees who can participate in politics are those people who are part of the PAC process, those who take leave from Federal Government jobs and participate in raising funds or participating in the activities of the union organizations or employee organizations for political purposes.

Now, once this passes, there is going to be a lot of them involved, and they are not gong to be just a few that can be brought into a room and encouraged to be on one side or the other as far as the political process is concerned.

I think that is healthy. I think these Federal employees deserve the right to participate as all other Americans do, to go to precinct meetings, to go to the district conventions, to go to the State conventions, to go to the national conventions.

This bill prohibits running for elective office. That is all right with me; I do not think there are too many who want to do that. If they do, and they really are sincere about it, they can leave their jobs and pursue a political career.

But in my judgment, this bill needs to be passed. We ought to get this behind us. We have been after amendments to reform the Hatch Act since World War II, and it is high time we recognize in this day and age there is no reason to deny a person the right to volunteer to participate in the political process. There is every reason to continue the protections that prevent people from being coerced, as I said, to participate in the political process.

I am one who believes that if we look at this bill now before us, it is a bill which deserves the support of the majority of the Members of the Senate and the Congress as a whole. I hope that it will be implemented with foresight by the current administration. In my judgment, the reason to pass this is that it makes sense and it is right. There is no other reason I know of to pass a bill such as this. It really does make good sense, and it is right to reaffirm the rights and privileges of those people in this country who are Federal employees to reaffirm our confidence in them as members of the public to participate in the processes of our democracy.

Mr. President, I am hopeful we will get to it and pass the bill soon. I am delighted to have the bipartisan support we do have, and I hope that when the bill comes back from the conference, it is substantially similar to the bill now before us, S. 185. There are a number of us on this side of the aisle who are supporting it because it is a balanced piece of legislation and we want to assure that it remains so.

I thank the Chair.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum has been suggested. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MITCHELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

HATCH ACT REFORM AMENDMENTS

The Senate continued with the consideration of the bill.

Mr. MITCHELL. Mr. President, it has been about 2 weeks since I first made a motion to proceed to the bill which is now before the Senate. There has been, therefore, ample notice for any Senator to be aware that the bill was coming up this week, since our first motion was made I believe 2 weeks ago tomorrow.

Initially, I sought to gain consent to proceed to the bill. But my Republican friend and colleague objected, and I was therefore forced to file a motion to invoke cloture to end the filibuster on the motion to proceed to the bill. It was understood at the time that the minority leader would seek, during the intervening days, to determine whether consent could be given to proceed to the bill this week. And that in fact did occur.

A few days before we resumed session on Tuesday, we were advised that the vote on the motion to invoke cloture would not be necessary, and that we could in fact proceed to consideration of the bill on Tuesday provided that there were no votes on the bill on Tuesday, but that votes would be put over until today.

I acceded to that request, and we considered the bill yesterday and have been on the bill throughout the day today. I believe there have been votes on four amendments, the last of which occurred at about 3:30.

No amendment has been offered for approximately 4 hours now. The reason for that is that this afternoon, Senator DOLE delivered to me a letter indicating that Republican Senators would be willing to agree to a time certain for a vote on final passage of the bill if we, the majority, would accept three amendments, which were specified and identified in a document accompanying the letter.

I told Senator DOLE that I would turn the letter over to Senator GLENN, the chairman of the committee, the author of the bill and the manager of the bill. And since then, Senator GLENN has been discussing the matter with Senator ROTH, the ranking member of the committee and the manager of this matter on the Republican side.

So far they have not been able to reach an agreement. I understand they are continuing in their discussions.

The most obvious course of action, of course, would be for Senators to offer these amendments on the floor and have them debated and voted on. In fact, two of them I am advised were offered in that fashion in the last Congress—they were debated, were voted on, and were defeated in 1990, I am advised, when we last considered this matter.

If we cannot reach an agreement, I want to make clear to my colleagues that we invite any Senator who wants to offer one of these proposals as an amendment, wants to debate it, wants us to vote on it, to do so and let the Senate work its will on the amendment. That is legislative process.

In our earlier discussions, our Republican colleagues indicated that acceptance of these three amendments, including the two which had previously been debated and rejected by the Senate, was essential if we were to hope to get a vote on final passage of the bill. Otherwise, we were told, a filibuster would be mounted, and it would require us to file a motion to end the filibuster by 60 votes, if we could obtain the necessary 60 votes.

Throughout these last several hours, the discussions have been continuing, and in good faith, I might say, on both sides in an effort to see if the issues raised by the letter from the minority leader to me and the three amendments could be resolved.

It had been my intention, in light of the fact that it is clear that if these issues cannot be resolved there will be a filibuster—and we would have to file cloture to do so this evening, because under the Senate's rules, of course, a day must intervene between the time a motion to end a filibuster is filed and when the vote on that motion can occur. So for there to be a vote on the motion to end the filibuster this week, that is Friday, the motion would have to be filed before the close of business today.

I have been advised by my colleagues—and I am going to ask both Senators ROTH and GLENN to comment on my remarks when I finish, first, in case I have misstated anything, to ask them to correct it, and if not to confirm it—that the negotiations are continuing and there remains at least some possibility that the matter could be resolved. I have been asked to refrain from filing a motion to end the filibuster this evening, and to wait until tomorrow, with the understanding that if I do refrain and we do wait until tomorrow, and then negotiations do not succeed tomorrow, I will be able to file the cloture motion tomorrow and again consent to have a vote on that motion on Friday, in effect as though it had been filed this evening.

That is a very reasonable request, and one to which I readily accede, because nothing would be lost under those circumstances.

So, Mr. President, and Members of the Senate, we are now in a situation where for at least the last 4 hours, no Senator has chosen to offer an amendment, even though any Senator could have done so. And, I repeat, any Senator is welcome to offer an amendment if he or she wishes to at this time. Negotiations are underway and are expected to continue throughout the evening. And with the expectation that a decision point would be reached sometime tomorrow, either that the negotiations will produce an agreement or they will not, and we will then proceed to file the motion to end the filibuster and have the vote on that not later than Friday morning.

So I would like, if I might, to invite both the distinguished chairman of the committee and the distinguished ranking member first, if I have misstated anything at all in my remarks, to correct me; and secondly, to indicate whether they have anything they wish to add to what I said on the matter.

Mr. ROTH. Mr. President, I say to the distinguished majority leader that he has accurately portrayed the intentions of the minority side. It is correct that we have been, I think, proceeding expeditiously today. We have had four votes on four separate amendments. A number of other amendments have been considered late this afternoon, and early this evening we have been discussing in good faith the letter with the core amendments in an effect to seek some kind of an agreement as to how to proceed.

In proceeding on those core amendments, of course, it is also our hope that we could discourage, as a general rule, other amendments, although that would still be the right of the individual Senator.

So I would say, yes; the majority leader is correct in what he has said.

The Republican leader, before he left to go to another meeting, indicated that if we could not reach agreement tomorrow on resolving these three core matters, he would agree to a vote being held on cloture Friday, as if it were filed today.

Mr. GLENN addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. GLENN. Mr. President, I think the distinguished majority leader has very accurately stated the situation, as has Senator ROTH. We have been trying to work these things out. There were three basic differences that we had, and we could not come up with a permutation of this. I think the best thing to do is probably go ahead and vote each one of these individually and get going on them. This was being done on the premise that if we accepted these three things, we would be able then to have a time agreement, and with the understanding or the hope that there would be no more amendments except these.

In our discussions, it turned out that there still might be other amendments. There was no guarantee that we would cut off amendments and others might be offered. That was sort of a new wrinkle from where we started out, as I saw it. But the three core amendments were basically—the first was that they were insisting on—if we are to move ahead—to exempt high ranking careers across Government from the legislation, such as the senior executive service, high-level managers and supervisors, administrative law judges, and contract appeal board members. That takes probably a couple hundred thousand people out of this, when you include high level manager and supervisors, and so that would be a big block of people out.

Second, this would exempt people looked at as national security of law enforcement agencies from this legislation. The bill provides for an exemption for FEC, but all of the rest of the different agencies, such as the IRS, NSA, and all the rest they wanted, were people that we feel have as much rights as anybody else.

Third, was to prohibit Federal employees from soliciting, accepting, or receiving a political contribution. This is another way of saying there would be no such thing as Government PAC's. The last two of those, No. 2 and 3, are things that have been voted on here before. In fact, three was voted on, and about a 2-to-1 majority voted against that when it came up in 1980. So those are the things at issue, basically. I think we better do what the majority leader outlined, since we have not been able to get an agreement; just have them submitted and vote them up or down, and if there are other amendments, or if we have to go to cloture, so be it. That is the best way to work our way out of this.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. GLENN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. GLENN. Mr. President, I ask unanimous consent that there now be a period for morning business with Senators permitted to speak therein.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRIBUTE TO MAJ. GEN. DAVID C. MOREHOUSE

Mr. GORTON. Mr. President, I would like to bring to your attention today the fine work and outstanding public service of one of our country's top military men, Maj. Gen. David C. Morehouse, the Judge Advocate General of the Air Force. Major General Morehouse will be retiring after an especially distinguished military career on August 1.

General Morehouse was commissioned as a first lieutenant in the Department of the Judge Advocate General, U.S. Air Force Reserve, in August, 1960. A graduate of the National War College in 1977, he served, among many assignments, as the Staff Judge Advocate, Headquarters Tactical Air Command, Langley Air Force Base, VA, followed by his service in the same position at Headquarters Strategic Air Command, Offutt Air Force Base, NE.

He attained a bachelor of science degree from the University of Nebraska in 1957, a juris doctor degree from Creighton University in 1960, and a master of law degree from George Washington University in 1972. His military education also includes Squadron Officers School.

This Vietnam veteran who served at Bien Hoa Air Base, Republic of Vietnam, was instrumental in providing necessary legal advice to command at the time and concurrently providing

legal assistance to our troops of all grades when that function was extremely more important to those individuals than it ever had been before, or probably since.

He has been involved in the key issues in the personnel and acquisition arenas in his role as both Deputy Judge Advocate General and the Judge Advocate General here in our Nation's Capital since the spring of 1988.

General Morehouse's military decorations include the Distinguished Service Medal, Legion of Merit with one oak leaf cluster, Bronze Star Medal, Meritorious Service Medal with one oak leaf cluster, and Air Force Commendation Medal.

Mr. President, I ask that you join me, our colleagues, and General Morehouse's many friends in saluting this distinguished officer's many years of selfless service to the United States of America. I know our Nation, his wife, Sally, and sons, Joe, who is a captain flight surgeon in the Air Force, and Mark, are extremely proud of his accomplishments. It is fitting that the Senate pay tribute to him today.

MESSAGES FROM THE HOUSE

ENROLLED BILLS SIGNED

At 11:45 a.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced the Speaker has signed the following enrolled bill and joint resolution:

H.R. 588. An act to designate the facility of the U.S. Postal Service located at 20 South Main in Beaver, Utah, as the "Abe Murdock United States Post Office Building."

H.J. Res. 213. Joint resolution designating July 2, 1993 and July 2, 1994 as "National Literacy Day."

The enrolled bill and joint resolution were subsequently signed by the President pro tempore [Mr. BYRD].

The message also announced that the House agrees to the amendment of the Senate to the bill (H.R. 1189) to entitle certain armored car crew members to lawfully carry a weapon in any State while protecting the security of valuable goods in interstate commerce in the service of an armored car company.

The message further announced that pursuant to the provisions of section 6968(a) of title 10, United States Code, and the order of the House of Thursday, July 1, 1993, authorizing the Speaker and the minority leader to accept resignations and to make appointments authorized by law or by the House, the Speaker on Friday, July 2, 1993, did appoint as members of the Board of Visitors to the U.S. Naval Academy the following Members on the part of the House: Mr. HOYER, Mr. MFUME, Mrs. BENTLEY, and Mr. SKEEN.

The message also announced that pursuant to the provisions of section 3 of Public Law 93-304, as amended by section 1 of Public Law 99-7, and the order of the House of Thursday, July 1, 1993, authorizing the Speaker and the minority leader to accept resignations and to make appointments authorized by law or by the House, the Speaker on Friday, July 2, 1993, did appoint to the Commission on Security and Cooperation in Europe the following Members on the part of the House: Mr. HOYER, Co-Chairman, Mr. MARKEY, Mr. RICHARDSON, Mr. MCCLOSKEY, Mr. CARDIN, Mr. PORTER, Mr. SMITH of New Jersey, Mr. WOLF, and Mr. FISH.

The message further announced that pursuant to the provisions of section 169(b) of Public Law 102-138, and the order of the House of Thursday, July 1, 1993, authorizing the Speaker and the minority leader to accept resignations and to make appointments authorized by law or by the House, the Speaker on Friday, July 2, 1993, did appoint to the United States delegation to the Parliamentary Assembly of the Conference on Security and Cooperation in Europe the following Members on the part of the House: Mr. HAMILTON, Vice Chairman, Mr. HOYER, Mr. GEJDENSON, Mr. LANTOS, Mr. MCCLOSKEY, Mr. CARDIN, Mr. MORAN, and Ms. SLAUGHTER.

At 2:10 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced the House has passed the following bills and joint resolution, in which it requests the concurrence of the Senate:

H.R. 927. An act to designate the Pittsburgh Aviary in Pittsburgh, Pennsylvania as the National Aviary in Pittsburgh.

H.R. 1522. An act to authorize expenditures for fiscal year 1994 for the operation and maintenance of the Panama Canal, and for other purposes.

H.R. 1916. An act to establish a marine biotechnology program within the National Sea Grant College Program.

H.R. 2561. An act to authorize the transfer of naval vessels to certain foreign countries.

H.J. Res. 190. Joint resolution designating July 17 through July 23, 1993, as "National Veterans Golden Age Games Week."

The message also announced that the House has passed the following joint resolution, with amendments, in which it requests the concurrence of the Senate:

S.J. Res. 54. Joint resolution designating April 9, 1993, and April 9, 1994, as "National Former Prisoner of War Recognition Day."

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent, and referred as indicated:

H.R. 1522. An act to authorize expenditures for fiscal year 1994 for the operation and maintenance of the Panama Canal, and for other purposes; to the Committee on Armed Services.

H.R. 1916. An act to establish a marine biotechnology program within the National Sea Grant College Program; to the Committee on Commerce, Science, and Transportation.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. KENNEDY, from the Committee on Labor and Human Resources:

Sheldon Hackney, of Pennsylvania, to be Chairperson of the National Endowment for the Humanities for a term of four years.

Thomas Payzant, of California, to be Assistant Secretary for Elementary and Secondary Education, Department of Education.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-1025. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a cumulative report on rescissions and deferrals; referred jointly, pursuant to the order of January 30, 1975, as modified by the order of April 11, 1986, to the Committee on Appropriations, to the Committee on the Budget, to the Committee on Agriculture, Nutrition and Forestry, to the Committee on Banking, Housing and Urban Affairs, to the Committee on Commerce, Science, and Transportation, to the Committee on Environment and Public Works, to the Committee on Finance, and to the Committee on Foreign Relations.

EC-1026. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report that funds proposed for rescission are available for obligation; referred jointly, pursuant to the order of January 30, 1975, as modified by the order of April 11, 1986, to the Committee on Appropriations, to the Committee on the Budget, to the Committee on Finance, and to the Committee on Foreign Relations.

EC-1027. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report of an impoundment of budget authority; referred jointly, pursuant to the order of January 30, 1975, as modified by the order of April 11, 1986, to the Committee on Appropriations, to the Committee on the Budget, to the Committee on Agriculture, Nutrition and Forestry, and to the Committee on Foreign Relations.

EC-1028. A communication from the Chairman of the Farm Credit System Insurance Corporation, transmitting, pursuant to law, the annual report for calendar year 1992; to the Committee on Agriculture, Nutrition and Forestry.

EC-1029. A communication from the Secretary of Energy, transmitting, pursuant to law, a notice of a delay in submitting an implementation plan; to the Committee on Armed Services.

EC–1030. A communication from the Acting Administrator of the General Services Administration, transmitting, pursuant to law, a report of an Antideficiency Act violation repair and alteration in St. Louis, Missouri; to the Committee on Appropriations.

EC–1031. A communication from the President of the Thrift Depositor Protection Oversight Board, transmitting, pursuant to law, a report relative to a salary plan for its graded employees; to the Committee on Banking, Housing, and Urban Affairs.

EC–1032. A communication from the President of the Thrift Depositor Protection Oversight Board, transmitting, pursuant to law, a report relative to the need for appointment of a conservator or receiver for certain savings associations; to the Committee on Banking, Housing, and Urban Affairs.

EC–1033. A communication from the Acting President of the Thrift Depositor Protection Oversight Board, transmitting, pursuant to law, the annual report of the Board on the Resolution Funding Corporation for calendar year 1992; to the Committee on Banking, Housing, and Urban Affairs.

EC–1034. A communication from the Acting President of the Thrift Depositor Protection Oversight Board, transmitting, pursuant to law, the annual report of the Board for fiscal year 1992; to the Committee on Banking, Housing, and Urban Affairs.

EC–1035. A communication from the Acting President of the Thrift Depositor Protection Oversight Board, transmitting, pursuant to law, the audited financial statements of the Resolution Trust Corporation for the year ending December 31, 1992; to the Committee on Banking, Housing and Urban Affairs.

EC–1036. A communication from the Acting Director of the Office of Thrift Supervision, Department of the Treasury, transmitting, pursuant to law, a report of the Office of Thrift Supervision's 1993 compensation plan; to the Committee on Banking, Housing, and Urban Affairs.

EC–1037. A communication from the Acting Director of the Office of Thrift Supervision, Department of the Treasury, transmitting, pursuant to law, the annual consumer report for calendar year 1992; to the Committee on Banking, Housing, and Urban Affairs.

EC–1038. A communication from the Acting Director of the Office of Thrift Supervision, Department of the Treasury, transmitting, pursuant to law, the annual report on the preservation of minority savings associations; to the Committee on Banking, Housing, and Urban Affairs.

EC–1039. A communication from the President of the United States, transmitting, pursuant to law, a report relative to the national emergency with respect to Libya; to the Committee on Banking, Housing, and Urban Affairs.

EC–1040. A communication from the President of the United States, transmitting, pursuant to law, a report relative to Haiti; to the Committee on Banking, Housing, and Urban Affairs.

EC–1041. A communication from the Chairman of the Appraisal Subcommittee, Federal Financial Institutions Examination Council, transmitting, pursuant to law, the annual report for calendar year 1992; to the Committee on Banking, Housing and Urban Affairs.

EC–1042. A communication from the Chairman of the Appraisal Subcommittee, Federal Financial Institutions Examination Council, transmitting, pursuant to law, a report on authority and functions for calendar year 1992; to the Committee on Banking, Housing and Urban Affairs.

EC–1043. A communication from the Secretary of Housing and Urban Development, transmitting, pursuant to law, a report on the Interstate Land Sales Registration Program; to the Committee on Banking, Housing and Urban Affairs.

EC–1044. A communication from the Secretary of Housing and Urban Development, transmitting, pursuant to law, a report on the HOME Program for fiscal year 1992; to the Committee on Banking, Housing and Urban Affairs.

EC–1045. A communication from the Chairman of the Federal Housing Finance Board, transmitting, pursuant to law, a report of 1993 salary rates; to the Committee on Banking, Housing and Urban Affairs.

EC–1046. A communication from the Chairman of the Federal Housing Finance Board, transmitting, pursuant to law, the annual enforcement report for the period January 1, 1992 through December 31, 1992; to the Committee on Banking, Housing and Urban Affairs.

EC–1047. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report of the financial audit of the Resolution Trust Corporations' 1991 and 1992 financial statements; to the Committee on Banking, Housing and Urban Affairs.

EC–1048. A communication from the President and Chief Executive Officer of the Resolution Trust Corporation, transmitting, pursuant to law, the annual report for calendar year 1992; to the Committee on Banking, Housing and Urban Affairs.

EC–1049. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a report on direct spending or receipts legislation within five days of enactment; to the Committee on the Budget.

EC–1050. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a report on direct spending or receipts legislation within five days of enactment; to the Committee on the Budget.

EC–1051. A communication from the Acting Administrator of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, a report on the Traffic Alert and Collision Avoidance System; to the Committee on Commerce, Science and Transportation.

EC–1052. A communication from the Acting Administrator of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, a report on domestic airport vulnerability assessments for 1991; to the Committee on Commerce, Science and Transportation.

EC–1053. A communication from the Secretary of Transportation, transmitting, pursuant to law, a report on accomplishments under the Airport Improvement Program; to the Committee on Commerce, Science and Transportation.

EC–1054. A communication from the Secretary of Transportation, transmitting, pursuant to law, a report on the national airway system for fiscal year 1991; to the Committee on Commerce, Science and Transportation.

EC–1055. A communication from the Secretary of Transportation, transmitting, pursuant to law, a report on the National Transportation Safety Board's Recommendations to the Secretary of Transportation for calendar year 1992; to the Committee on Commerce, Science and Transportation.

EC–1056. A communication from the Acting Administrator of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, a report on assessment of current rules and regulations over National Park System Units; to the Committee on Energy and Natural Resources.

EC–1057. A communication from the Acting Assistant General Counsel of the Department of Energy, transmitting, pursuant to law, notice of a meeting related to the International Energy Program; to the Committee on Energy and Natural Resources.

EC–1058. A communication from the Secretary of Agriculture, transmitting, pursuant to law, a report on program accomplishments in the Forest Service for fiscal year 1992; to the Committee on Energy and Natural Resources.

EC–1059. A communication from the Acting Administrator of the Energy Information Administration, Department of Energy, transmitting, pursuant to law, the annual report of the Energy Information Administration for calendar year 1992; to the Committee on Energy and Natural Resources.

EC–1060. A communication from the Secretary of Energy, transmitting, pursuant to law, a report on the Strategic Petroleum Reserve; to the Committee on Energy and Natural Resources.

EC–1061. A communication from the Acting Administrator of the General Services Administration, transmitting, pursuant to law, notice of an informational copy of a prospectus; to the Committee on Environment and Public Works.

EC–1062. A communication from the Acting Administrator of the General Services Administration, transmitting, pursuant to law, a report of a Building Project Survey for Cape Girardeau, Missouri; to the Committee on Environment and Public Works.

EC–1063. A communication from the Acting Administrator of the General Services Administration, transmitting, pursuant to law, notice of an informational copy of a prospectus relative to a fiscal year 1993 reprogramming request; to the Committee on Environment and Public Works.

EC–1064. A communication from the Secretary of Transportation, transmitting, pursuant to law, a report entitled "Value Engineering on Federal-Aid Projects"; to the Committee on Environment and Public Works.

EC–1065. A communication from the Secretary of Transportation, transmitting, pursuant to law, a report entitled "The Use of Recycled Paving Material"; to the Committee on Environment and Public Works.

EC–1066. A communication from the Secretary of Agriculture, transmitting, pursuant to law, a report on hazardous waste management activities for calendar year 1992; to the Committee on Environment and Public Works.

EC–1067. A communication from the Inspector General of the Federal Emergency Management Agency, transmitting, pursuant to law, an audit report of the permanent and temporary relocation components of the Superfund Program for fiscal year 1991; to the Committee on Environment and Public Works.

EC–1068. A communication from the Chairman of the Nuclear Regulatory Commission, transmitting, pursuant to law, a report on abnormal occurrences at licensed nuclear facilities for the period January through March 1993; to the Committee on Environment and Public Works.

EC–1069. A communication from the Administrator of the Environmental Protection Agency, transmitting, pursuant to law, a report entitled "Anthropogenic Methane Emissions in the United States: Estimates for

1990"; to the Committee on Environment and Public Works.

EC-1070. A communication from the Secretary of Labor, transmitting, pursuant to law, a report on expenditure and need for worker adjustment assistance training funds; to the Committee on Finance.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. COHEN:

S. 1217. A bill to protect the elderly against fraudulent practices, and for other purposes; to the Committee on the Judiciary.

By Mr. PELL (for himself and Mr. JEFFORDS):

S. 1218. A bill to authorize appropriations for fiscal years 1994 and 1995 to carry out the National Foundation on the Arts and the Humanities Act of 1965, and the Museum Services Act, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. COATS:

S. 1219. A bill to extend the existing suspension of duty on chemical intermediate; to the Committee on Finance.

S. 1220. A bill to suspend temporarily the duty on exomethylene ceph v sulfoxide ester; to the Committee on Finance.

S. 1221. A bill to extend the existing suspension of duty on (6R,7R)-7- {(R)-2-Aminophenylacetamido}-3-methyl-8-oxo-5-thia-1-azabicyclo{4.2.0}oct-2-ene-2-carboxylic acid disolvate; to the Committee on Finance.

By Mr. KENNEDY (for himself, Mr. KERRY, Mr. PELL, and Mr. CHAFEE):

S. 1222. A bill to revise the boundaries of the Blackstone River Valley National Heritage Corridor in Massachusetts and Rhode Island, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. BREAUX (for himself and Mr. HOLLINGS):

S. 1223. A bill to extend the existing suspension of duty on power-driven weaving machines for weaving fabrics more than 4.9 meters in width; to the Committee on Finance.

By Mr. METZENBAUM (for himself and Ms. MOSELEY-BRAUN):

S. 1224. A bill to prohibit an agency, or entity, that receives Federal assistance and is involved in adoption or foster care programs from delaying or denying the placement of a child based on the race, color, or national origin of the child or adoptive or foster parent or parents involved, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. BINGAMAN (for himself, Mr. MCCAIN, and Mr. SIMON):

S. 1225. A bill to authorize and encourage the President to conclude an agreement with Mexico to establish a United States-Mexico Border Health Commission; to the Committee on Foreign Relations.

By Mr. AKAKA:

S. 1226. A bill to amend title 38, United States Code, to provide for the organization and administration of the Readjustment Counseling Service, to improve eligibility for readjustment counseling and related counseling, and for other purposes; to the Committee on Veterans Affairs.

By Mr. WOFFORD:

S. 1227. A bill to make technical correction to emergency unemployment benefits provisions; to the Committee on Finance.

By Mr. BROWN (for himself, Mr. MCCAIN, Mr. PRESSLER, Mr. MACK, Mr. BURNS, Mr. SMITH, Mr. FAIRCLOTH, Mr. BENNETT, and Mr. CRAIG):

S. 1228. A bill to repeal the Davis-Bacon Act of 1931 to provide new job opportunities, effect significant cost savings on Federal construction contracts, promote small business participation in Federal contracting, reduce unnecessary paperwork and reporting requirements, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. BROWN (for himself, Mr. MCCAIN, Mr. PRESSLER, Mr. MACK, Mr. SMITH, Mr. FAIRCLOTH, Mr. BENNETT, and Mr. CRAIG):

S. 1229. A bill to repeal the provisions of the Service Contract Act of 1965; to the Committee on Labor and Human Resources.

By Mr. D'AMATO (for himself, Mr. BOND, Mr. GRAMM, Mr. ROTH, Mr. MACK, Mr. FAIRCLOTH, Mr. BENNETT, and Mr. DOMENICI):

S. 1230. A bill to provide for community development banks; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. MOYNIHAN (for himself, Mr. DOLE, Mr. BOREN, Mr. WALLOP, Mr. GRASSLEY, and Mr. CHAFEE):

S. 1231. A bill to provide for simplified collection of employment taxes on domestic services, and for other purposes; to the Committee on Finance.

By Mr. BIDEN (for himself, Mr. PELL, Mr. BOREN, and Mr. SIMON):

S.J. Res. 112. A joint resolution entitled the "Collective Security Participation Resolution"; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. COHEN:

S. 1217. A bill to protect the elderly against fraudulent practices, and for other purposes; to the Committee on the Judiciary.

ELDERLY CONSUMER FRAUD PROTECTION ACT

Mr. COHEN. Mr. President, today I am introducing legislation to increase the enforcement authority of the Federal Government against consumer scams targeting the elderly and to provide restitution to victims of these fraudulent schemes. This legislation is a result of a hearing on consumer fraud and the elderly held last September by the Special Committee on Aging.

While seniors represent just over 12 percent of the population, over 30 percent of the victims of consumer fraud are senior citizens. Many unscrupulous businesses are targeting senior citizens as the primary victims of their scams. Every day there are new examples of the outrageous tactics that swindlers use to rob senior citizens of their savings, independence, and dignity.

The Aging Committee's investigation uncovered four scams that preyed upon our Nation's citizens, including many seniors. These scams ranged from mail order and home repair fraud to extravagant prize giveaways and misrepresentations in selling and drafting living trusts.

At our hearing, we heard testimony for several State attorneys general who described how some seniors had been pressured by door-to-door salesmen into paying far more than necessary to obtain a living trust. In some instances, the sales pitch misrepresented how expensive and complicated it would be to go through probate. Even worse, in some cases the trusts were improperly drafted, making the documents worthless.

We also uncovered home repair fraud in which unscrupulous contractors lured seniors into taking out second mortgages to pay for worthless home repairs and products. The contractors then disappeared, leaving the victims holding the bag with mortgage rates as high as 25 percent and, in some cases, losing their homes through foreclosure.

We heard compelling testimony from Archie Wilcox, a 76-year-old Minnesota resident who described how he became the victim of a guaranteed price scheme. In these scams, consumers are duped into purchasing merchandise or paying handling fees with the promise that they'll receive a substantial cash award or other valuable prize. Mr. Wilcox lost approximately $5,000 of his life savings to these telephone con artists.

Finally, we examined a case involving mail fraud by a mail order shoe company that operated out of Virginia. Thousands of elderly women ordered shoes from this company, only to find after months of waiting that they would get neither the shoes they ordered nor their money back.

Our investigation found that telemarketing and other types of consumer scams are on the increase and that consumers are paying for them dearly. It is estimated, for example, that consumer fraud costs our citizens over $40 billion.

Currently, it is just too easy for scam artists using telemarketing, credit card and other means to get away with defrauding consumers. We need tougher laws, increased enforcement and, most importantly, better educated consumers. This legislation tightens up loopholes in current statutes while sending a message to prosecutors and law enforcement officials that Congress is taking these crimes more seriously.

Specifically, this bill increases the criminal penalties for fraud crimes against the elderly and requires restitution for victims of these crimes. The bill also reallocates resources to U.S. attorneys to prosecute consumer fraud cases and to the Department of Justice to establish consumer education programs.

It also improves coordination of Federal efforts against consumer fraud, strengthens the Federal Trade Commission's authority to pursue consumer fraud cases, and calls for model state licensing laws for home contractors, mortgage companies and other operations that could target the elderly for fraudulent schemes.

Mr. President, it is time to crack down on telemarketers and other unscrupulous scam artists who prey on senior citizens and other vulnerable consumers. I look forward to working with Senators HATCH and BIDEN, ranking member and chairman of the Judiciary Committee, who have introduced similar legislation dealing with telemarketing abuses, and hope we will be able to enact legislation this year to deal with this growing problem.

Mr. President, I ask unanimous consent that a section-by-section analysis and a copy of the legislation be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1217

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FINDINGS.

(a) The Congress finds that—

(1) fraudulent activity in the United States has a devastating effect on the elderly;

(2) as the fears of the elderly over financial security have increased over the years, so too have the deceptive tactics of unscrupulous groups that prey on those fears;

(3) elderly citizens represent 12.5 percent of the population, but they are 30 percent of the victims of fraud;

(4) elderly citizens are far more likely to be subjected to questionable and unscrupulous sales practices than any other age group;

(5) elderly citizens, because they are home more than younger citizens, are more accessible to fraudulent practices involving the telemarketer's call or the knock of a door-to-door salesperson;

(6) schemes to bilk the elderly are becoming increasingly common as dishonest persons manage to sell inferior, worthless, unnecessary, and sometimes nonexistent products to thousands of elderly citizens nationwide;

(7) schemes to bilk the elderly involve outrageous tactics and rob the elderly of their savings, independence, and dignity;

(8) phony vacations, fraudulent credit repair services, and free prizes are but a few of the practices and activities involving consumer fraud carried out against the elderly;

(9) persons engaged in consumer fraud against the elderly are highly mobile and prosecution is difficult; and

(10) such practices and activities are a blight on reputable businesses engaged in legitimate marketing practices.

SEC. 2 FEDERAL TRADE COMMISSION.

(a) PARTICIPATION IN THE FINANCIAL CRIMES ENFORCEMENT CENTER.—The Federal Trade Commission shall participate in, and be on the receiving list of law enforcement products of, the Financial Crimes Enforcement Center of the Department of the Treasury.

(b) VENUE.—Subsections (a) and (b) of section 13 of the Federal Trade Commission Act (15 U.S.C. 53) are each amended by adding at the end thereof the following: "Whenever it appears to the court that the interests of justice require that any other person, partnership, or corporation should be a party in such suit, the court may cause such person, partnership, or corporation to be summoned without regard to whether they reside or transact business in the district in which the suit is brought, and to that end process may be served wherever the person, partnership, or corporation may be found.".

(c) CRIMINAL CONTEMPT AUTHORITY.—Section 16(a)(1) of the Federal Trade Commission Act (15 U.S.C. 56(A)(1)) is amended—

(1) in subparagraph (A) by striking "civil" the first place it appears and inserting in lieu thereof "Federal court"; and

(2) by adding at the end the following: "The Commission may bring a criminal contempt action for violations of orders obtained in cases brought under section 13(b) of this Act in the same manner as civil penalty and other Federal court actions to which this subsection applies. Such cases may be initiated by the Commission on its own complaint, or pursuant to its acceptance of an appointment by a court to assist it in enforcing such orders pursuant to Rule 42(b) of the Federal Rules of Criminal Procedure.".

SEC. 3. SENTENCING GUIDELINES.

(a) FRAUD AND DECEIT.—The United States Sentencing Commission shall amend its sentencing guidelines relating to fraud and deceit so as to provide for increases in offense levels based on the number of persons that the offender has victimized.

(b) VULNERABLE VICTIMS.—The United States Sentencing Commission shall amend its sentencing guidelines relating to vulnerable victims so as to provide that if the offender knew or should have known that the victim was unusually vulnerable or that the victim was otherwise particularly susceptible to the offense, the offense level shall be increased by 7 levels.

SEC. 4. MANDATORY RESTITUTION.

(a) ORDER OF RESTITUTION.—Section 3663(a) of title 18, United States Code, is amended by striking "may order" and inserting "shall order".

(b) PROCEDURE.—Section 3664(a) of title 18, United States Code, is amended by striking "in determining whether to order restitution under section 3663 of this title and the amount of such restitution" and inserting "in determining the amount of restitution under section 3663".

SEC. 5. SENSE OF CONGRESS CONCERNING THE NATIONAL TELEMARKETING FRAUD WORKING GROUP.

It is the sense of Congress that—

(1) all United States Attorneys should regularly enter information on telemarketing fraud into the database of the National Telemarketing Fraud Working Group; and

(2) the National Telemarketing Fraud Working Group and the States should continue to cooperate with each other in coordinating the prosecution of offenders in venues that are convenient to the victims of their offenses.

SEC. 6. CONSUMER AND ANTI-FRAUD ACTIVITIES.

(a) ADDITIONAL U.S. ATTORNEYS.—The Attorney General shall designate 50 existing full-time equivalent positions for attorneys and sufficient support staff to be assigned to the prosecution of consumer fraud and for law enforcement and consumer fraud education programs.

(b) EFFECTIVE DATE.—This section shall take effect on the date of enactment of this Act.

SEC. 7. FORFEITURES.

(a) CIVIL FORFEITURE.—Section 981 of title 18, United States Code, is amended—

(1) in subsection (a)(1)—

(A) in subparagraph (D) by inserting "(i)" before "Any" and redesignating clauses (i), (ii), (iii), (iv), (v), and (vi) as subclauses (I), (II), (III), (IV), (V), and (VI), respectively;

(B) by striking "(E) With respect to an offense listed in subsection (a)(1)(D)" and inserting "(ii) With respect to an offense described in clause (i)"; and

(C) by adding at the end the following new subparagraph:

"(E) Any property, real or personal, that constitutes, represents, is derived from, or is traceable to the proceeds of a violation of section 1029, 1341, or 1343 of this title if such violation relates to crimes against individuals 55 years of age or older. Notwithstanding the provisions of section 524 of title 28, United States Code, up to 25 percent of the amounts forfeited pursuant to this subparagraph for an offense may be used to provide restitution to any victim of the offense.".

(b) CRIMINAL FORFEITURE.—Section 982(a) of title 18, United States Code, is amended by adding at the end thereof the following:

"(5) The court, in imposing sentence on a person convicted of a violation of, or a conspiracy to violate, section 1029, 1341 or 1343 of this title, affecting an individual 55 years of age or older, shall order that the person forfeit to the United States any property constituting, or derived from, proceeds the person obtained directly or indirectly, as the result of such violation. Notwithstanding the provisions of section 524 of title 28, United States Code, up to 25 percent of the amounts forfeited pursuant to this paragraph for an offense may be used to provide restitution to any victim of the offense.".

(c) CRIMINAL CONTEMPT AUTHORITY.—Section 16(a)(1) of the Federal Trade Commission Act (15 U.S.C. 56(a)(1)) is amended—

(1) in subparagraph (A) by striking "civil" the first place it appears and inserting in lieu thereof "Federal court"; and

(2) by adding at the end the following: "The Commission may bring a criminal contempt action for violations of orders obtained in cases brought under section 13(b) of this Act in the same manner as civil penalty and other Federal court actions to which this subsection applies. Such cases may be initiated by the Commission on its own complaint, or pursuant to its acceptance of an appointment by a court to assist it in enforcing such orders pursuant to Rule 42(b) of the Federal Rules of Criminal Procedure.".

SEC. 8. MONEY LAUNDERING.

Section 1956(c)(7)(D) of title 18, United States Code, is amended by inserting after "1014 (relating to fraudulent loan or credit applications)," the following: "1029 (relating to fraud relating to access devices),".

SEC. 9. UNIFORM LAWS GOVERNING LICENSING OF HOME REPAIR CONTRACTORS, MORTGAGE COMPANIES, AND PRIZE GIVEAWAY COMPANIES.

The Attorney General, in consultation with the American Law Institute, the National Conference of Commissioners on Uniform State Laws, or other interested persons, shall prepare model State law on each of the following subjects:

(1) Licensing of home repair contractors.

(2) Licensing of mortgage companies.

(3) Licensing of prize giveaway companies.

SEC. 10. MAIL FRAUD.

(a) OFFENSE.—Section 1341 of title 18, United States Code, is amended—

(1) by inserting ", or places in any private courier service office or authorized depository for receipt of matter to be delivered by private courier service," after "mail matter,";

(2) by inserting "or by a private courier service" after "Postal Service"; and

(3) by inserting "or private courier service" after "by mail".

(b) DEFINITION.—

(1) PRIVATE COURIER SERVICE.—Section 1346 of title 18, United States Code, is amended to read as follows:

"§ 1346. Definitions

"In this chapter—

"'private courier service' means a private entity providing services provided by the United States Postal Service.

"'scheme or artifice to defraud' includes a scheme or artifice to deprive another of the intangible right of honest services.".

(2) TECHNICAL AMENDMENT.—The chapter analysis for chapter 63 of title 18, United States Code, is amended by striking the item for section 1346 and inserting the following item:

"1346 Definitions"

Section 1. This part is an introductory preamble that describes the devastating effect of fraudulent activity on the elderly and the vulnerability of seniors to this activity.

Section 2. FTC Authority: This section deals with Federal Trade Commission issues. (a) Directs that the FTC shall participate in, and be on the receiving list of law enforcement products from the Treasury Department's Financial Crimes Enforcement Center (FINCEN). FINCEN is an organization designed to address the problems of money laundering and other financial criminal activities.

At one point, the FTC was an agency that received FINCEN assistance but it no longer has access. The FTC finds it helpful in its investigations to have access to computerized bank Currency Transaction Reports and other FINCEN reports in order to determine where companies engaged in fraud are placing and/or hiding their assets.

(b) Amends Title 15 to allow the FTC to bring criminal contempt actions for violations of court orders in the same manner as civil penalties and other federal court actions. The FTC currently has only civil contempt authority. This would enable the FTC to more aggressively pursue consumer fraud cases.

(c) Amends Title 15 to consolidate venue and service of process for FTC actions. This provision will ease the joining of parties in cases where multiple defendants reside in several jurisdictions. Currently, there is no single court to deal with such cases.

Section 3. Increasing Penalties: In order to raise the penalties associated with fraud crimes against the elderly, this section strengthens the sentencing guidelines as set forth by the U.S. Sentencing Commission.

By increasing sentencing offense levels, this provision would create longer prison terms for those engaging in serious consumer fraud. The Aging Committee investigation found that current criminal penalties are inadequate, especially in comparison to the detrimental effect that such fraud has on elderly victims.

(a) This part amends the sentencing guidelines relating to fraud and deceit to provide for increases in offense levels (which determine the length of imprisonment) based on the number of persons that the offender has victimized. The current criteria that increases offense levels is primarily based on pure monetary loss.

(b) Amends the Victim-Related Adjustment Guideline so as to provide that, if the offender knew or should have known that the victim was otherwise particularly susceptible to the offense, the offense level shall be increased by 7 levels (currently it is only 2 levels). For example, if a convicted individual, who is a first-time offender, were given a term of imprisonment of 0 to 6 months in jail, our provision would raise that term of imprisonment to 18 to 24 months in jail.

Section 4. Mandatory Restitution for Victims: Amends the federal sentencing statute regarding restitution of victims so that the final decision by a Court to impose restitution is not discretionary but mandatory.

Section 5. Coordination of Federal Efforts Against Fraud: This section deals with the National Telemarketing Fraud Working Group, a coordinated federal/state effort. Not enough U.S. Attorneys actively participate in this group to ensure its effectiveness.

The bill includes a sense of the Congress provision to state that U.S. Attorneys should (a) enter information into its database and should (b) continue to cooperate with states in coordinating prosecution of offenders in venues that are convenient to the victims of the offense. The Aging Committee investigation found that more cooperation between federal and state entities is necessary for successful prosecutions of consumer frauds.

Section 6. Increase U.S. Attorney Resources for Consumer Fraud: This section directs the Attorney General to reallocate existing funds, as of the effective date of this Act, to provide more funds to the U.S. Attorneys for designating 50 full-time Equivalent (FTE) positions for Attorneys and support staff to be assigned to the prosecution of consumer fraud, and for establishing law enforcement and consumer fraud education programs in the Department of Justice.

Section 7. Forfeiture: (a) Amends civil and criminal forfeiture to allow for the forfeiture of profits arising from mail, wire and credit card violations in connection with serious fraud schemes against the elderly.

(b) Allows 25% of the illicit gains seized or frozen in consumer fraud cases to be used, after conviction, to provide restitution to victims as well as to provide funds to law enforcement agencies involved in consumer fraud investigations.

Section 8. Money Laundering: Adds credit card fraud to the money laundering statute so that this statute can be used to pursue credit card fraud.

Section 9. Model Licensing Law: Directs the Department of Justice, in consultation with the American Law Institute and the National Conference of Commissioners on Uniform State Law, to prepare a model State statute that establishes a state licensing requirement for: home repair contractors, mortgage companies, and prize give-away companies. Our Aging Committee investigation found that more consistent and uniform State licensing of these industries could prevent and/or weed out fraudulent operations.

Section 10. Private Carriers: Amends the Mail Fraud Act to cover private mail carriers or commercial courier services. Many fraudulent telemarketers use private carriers to complete transactions, thus avoiding federal penalties.

By Mr. PELL (for himself and Mr. JEFFORDS):

S. 1218. A bill to authorize appropriations for fiscal years 1994 and 1995 to carry out the National Foundation on the Arts and the Humanities Act of 1965, and the Museum Services Act, and for other purposes; to the Committee on Labor and Human Resources.

ARTS, HUMANITIES, AND MUSEUM AMENDMENTS OF 1993

• Mr. PELL. Mr. President, as chairman of the Subcommittee on Education, Arts and Humanities, I am introducing legislation today that will provide for an extension of the authorization statute which governs the National Endowment for the Arts, the National Endowment for the Humanities, and the Institute of Museum Services.

This proposal provides for a simple extension of existing law for these agencies for a 2-year period through fiscal year 1995. The funding levels authorized in this legislation are consistent with the President's proposed budget for fiscal year 1994 and such sums as may be necessary for fiscal year 1995.

These three agencies were last reauthorized by the Arts, Humanities, and Museums Amendments of 1990 which was enacted on November 5, 1990, for a 3-year period. Since this authority expires on September 30, it is important that we complete action on this simple extension in an expeditious manner.

This plan of action should in no way imply that changes in the legislation are not needed. To the contrary, many important issues concerning these agencies await to be debated. This discussion, however, will occur over the next 2 years as we lead up to the next reauthorization in 1995. I will welcome the input from all interested parties during this period.

This schedule is necessary because I believe the Clinton administration should have as full a role as possible in the debate over the future course of these agencies. Since we do not yet have fully confirmed Chairmen for the Endowments nor a new Director for the Institute of Museum Services, it is prudent to delay any consideration of substance. These individuals and their staffs will be crucial partners in the eventual full-scale review of these programs.

I look forward to this process which, hopefully, will reaffirm our Government's commitment to the support of our Nation's culture and set that commitment on a renewed and positive course. In the meantime I ask my colleagues to join in supporting this simple 2-year extension of the existing authority for these agencies.•

Mr. JEFFORDS. Mr. President, as cochair of the congressional arts caucus and ranking member of the Subcommittee on Education, Arts, and Humanities, I rise today in support of S. 1218, the Arts, Humanities, and Museum Amendments of 1993. Having been a primary sponsor in the House of Representatives of the Museum Services Act in 1976, I am particularly pleased to be a cosponsor of this bill which is being introduced by my colleague Senator PELL, chairman of the subcommittee. This legislation is clear and simple.

The bill extends for 2 years the authorization for the National Foundation on the Arts and Humanities Act of 1965 and the Museum Services Act. The legislation does not make any changes in the agencies, their functions, operations, or procedures for funding grant requests. It allows them to continue to do their valuable work in promoting access to the arts across America.

Current authorization expires on September 30, 1993. As ranking member of the authorizing subcommittee, I support Senator PELL'S decision to seek a straight 2-year extension. There is simply not enough time for Congress to consider a full reauthorization of these two acts. Rather, a 2-year extension will give Congress adequate time to consider a full reauthorization in 1995. Over the next 2 years we will have the time before the reauthorization to look at the agencies under these two acts. I am hopeful that constructive progress can be made in improving the acts for a full reauthorization in 1995.

This legislation is not trivial. I believe this extension is fundamental to the continuity of America's cultural legacy. The grants made by the Endowments and IMS over the past quarter century have fostered artistic creativity, scholarship, and the preservation and display of some of America's most treasured artistic creations and historical objects. Without this critical Federal support, the rural and inner-city areas of the United States would do without the art, music, literature, and dance that much of America enjoys.

Mr. President, I am pleased to support this simple, yet important, piece of legislation, and hope it can be enacted without delay.

By Mr. KENNEDY (for himself, Mr. KERRY, Mr. PELL, and Mr. CHAFEE):

S. 1222. A bill to revise the boundaries of the Blackstone River Valley National Heritage Corridor in Massachusetts and Rhode Island, and for other purposes; to the Committee on Energy and Natural Resources.

BLACKSTONE RIVER VALLEY NATIONAL HERITAGE CORRIDOR ACT

Mr. KENNEDY. Mr. President, today I am introducing legislation to enhance a very successful historic preservation effort already underway in Massachusetts and Rhode Island—the Blackstone River Valley National Heritage Corridor.

This legislation will modify the boundaries of the corridor to include additional communities in the valley that are essential components of the region's history. It will also extend the Blackstone River Valley National Heritage Corridor Commission, which has been so effective in bringing local groups together to preserve these important cultural and natural resources. The bill will increase the Commission's funding, to build on current preservation efforts and address the broader responsibilities that will result from the larger Corridor boundaries.

I am joined in this legislation by my colleagues from Massachusetts and Rhode Island, Senators JOHN KERRY, CLAIBORNE PELL, and JOHN CHAFEE, who have all shown a strong commitment to our effort to protect this vital part of our national heritage. A companion bill is being introduced today in the House of Representatives by Congressman RICHARD NEAL, with the sponsorship of Congressmen PETER BLUTE, RONALD MACHTLEY, and JACK REED, who are working in the same spirit of bipartisan and bi-State cooperation.

The Blackstone corridor is unique in many respects. Historically, it is distinctive as the place where industrial America was born. The country's first factory, Slater Mill, was built on the banks of the Blackstone River. It was here that the widespread industrial use of water power in the United States was first developed.

Much of this early development is still intact, with approximately 10,000 historic structures, and a canal system and dams that harness the force of the river, which drops dramatically at many points along its 46-mile course. Dozens of 19th century mill villages and communities sprang up along the river to take advantage of the water's power. Many other aspects of the landscape—the farms and pastures that provided food for the mill workers, and the beautiful woods and scenic areas along the river—remain intact for the enjoyment of visitors.

The Blackstone corridor is also distinctive because it represents an innovative and highly cost-effective way for the Federal Government to assist in preserving historic and natural resources. Rather than acquiring and managing vast acres of land and historic structures, the National Park Service and the Blackstone Commission serve as a guiding hand to foster restoration projects that are predominantly funded with local resources. The Federal role is one of providing technical expertise and recognition. These efforts encourage local citizens, businesses, nonprofit historic and environmental organizations, schools and universities, 20 local governments and two State governments to work together to protect their valley's heritage, and to do so in a way that is consistent with National Park Service standards.

When the Blackstone corridor was first established by Congress in 1986, this public-private partnership was highly experimental. Neither Congress nor the Park Service was certain that the concept—so different from the traditional Federal ownership and control—would work. Now, it is clear that the corridor is a success and serves as a model for similar efforts across the country. A report last year by the advisory board of the Secretary of the Interior on National Parks gave Blackstone a glowing endorsement, calling it "an outstanding initiative and partnership model." Earlier this year, the National Trust for Historic Preservation hosted a conference on heritage areas in which the Blackstone project was featured as the prime example of Federal seed money being used effectively to encourage local preservation.

Because the Blackstone corridor has been such an unqualified success, other communities in the valley want to participate, and they have petitioned for official inclusion in the corridor boundaries. The Blackstone Commission has conducted a comprehensive evaluation of these communities—Worcester and Leicester in Massachusetts and Burrillville, Glocester and Smithfield in Rhode Island. The Commission found that each of these communities has significant historic and natural resources warranting inclusion in the project.

One of the most valuable features of the corridor, as described in its cultural heritage and land management plan approved by the Secretary in 1990, is its wholeness—the survival of representative elements of entire 18th and 19th century production systems, power and transportation methods, communities, workplaces and machinery. The expansion will help ensure the protection of the entire corridor, including the headwaters of the Blackstone River, to tell a fuller story of America's industrial revolution.

Extension of the Blackstone Corridor Commission is also essential. Existing law terminates the Commission's authority in 1996, undermining opportunities for the new areas to participate in the corridor and undercutting the Commission's effective ongoing efforts within the existing boundaries.

This legislation will extend the Commission an additional 10 years, and permit continuation beyond that date without further congressional action upon findings by the Secretary of the Interior, the Governor of Massachusetts and the Governor of Rhode Island that the Commission continues to be effective in protecting and interpreting the Corridor through the partnership approach. The Secretary's advisory board recommended reconsideration of the 1996 sunset clause in its report on Blackstone last year, stating that after the planning stage, there should be a program into which the corridor can feed, one with parameters as carefully drawn as those governing traditional park units.

The legislation proposes a modest increase in the Commission's operating budget to $650,000 a year. It authorizes up to $5 million over the next 3 years in matching funds for development projects that will be largely financed through local contributions. These funds will enable the Commission to continue its excellent work in the 20 towns now comprising the corridor and to expand its outreach efforts to the additional communities. These investments are highly cost-effective. The corridor is the largest National Park Service-affiliated area in New England. The Commission deserves this vote of confidence by Congress for the impressive groundwork it has laid and for the important tasks it has set for itself in the years ahead.

I urge my colleagues to support this legislation. It offers us an excellent opportunity to build on the success of the Blackstone River Valley National Heritage Corridor, and help keep an important part of the American heritage alive, available and accessible for future generations.

Mr. KERRY. Mr. President, I am pleased to join my colleague from Massachusetts, Senator KENNEDY and the distinguished Senators from Rhode Island, Senator CHAFEE and Senator PELL, in proposing a bill to revise the boundaries of the Blackstone River Valley National Heritage Corridor.

When the Blackstone River Valley National Heritage Corridor was established in 1986, it represented a unique experiment which sought to reconcile resource preservation with economic growth through the cooperation of the community, its businesses, the State government, and the National Park Service. Now, 7 years later, the success of this partnership can be seen in all of the 20 townships and 5 cities that comprise the corridor. From the historic preservation of buildings to the construction of parks, bikeways and river access, the corridor has effectively blended the beauty of a New England landscape with the preservation of the region's history shaped so indelibly by the industrial revolution. This project has been so successful for all involved that five additional cities and towns—two in Massachusetts and three in Rhode Island—have petitioned to be included in the commission.

For those of us who represent States east of the Mississippi and who are concerned with the aesthetic value of the landscapes of our States, this project is particularly exciting. Unlike Western States where large tracts of land are protected by the National Park Service, most Eastern States simply do not have open expanses of land available to develop as national parks in the traditional sense. The Blackstone River Valley National Heritage Corridor is a model for other regions interested in preserving their unique characteristics and their historic resources without disturbing their economic base. Just as the great national parks of the west symbolize the expansiveness and independence that is part of our history, the Blackstone corridor captures another aspect of our collective heritage—a heritage that is rooted in the communities and industries of the east coast and which helped define the 19th century American experience. This architectural and industrial landscape stands today as a reminder of our past and its contributions to both our spiritual identity and our industrial development.

As Blackstone Valley should serve as a model for the preservation of our unique heritage, it also can serve as a model for the process by which the plan for preservation has been developed, promoted, and implemented. This project exemplifies what can be accomplished by a solid partnership of Federal, State, and local government and local residents working in unison to leverage resources to obtain maximum results through such means as use of local volunteers and financial support. Unlike the costs of upkeep for the traditional western-style parks which are primarily supported by the Federal Government, the comparatively minuscule funding for the Blackstone Commission is used to attract community and private sector resources that contribute to preservation activities while enhancing economic growth in the region. Thus, every dollar put into the Commission yields considerably more than a dollar's value to the towns and businesses of the Blackstone Valley as well as to the preservation of this region for the education and enjoyment of all Americans and visitors from around the world.

While there is widespread agreement that this project has been tremendously successful, we must ensure that the hard work and resources that have contributed to that success are not compromised. Through this legislation, the boundaries would be expanded so that the five communities of Massachusetts and Rhode Island which have requested inclusion would be able to participate in the commission-sponsored activities. The Corridor Commission would be extended another 10 years and the operating budget would be increased, allowing the Commission the leeway it needs to continue in its mission.

I sincerely hope that the Corridor's success as both a national park and as an example of a positive public-private partnership in pursuit of conservation objectives will be replicated in other areas of the country. If we are to hold Blackstone Valley up as such a model, however, we first must ensure that it is provided with the resources it needs. For these reasons I look forward to positive action on this legislation.

Mr. PELL. Mr. President, I am delighted to join with the senior Senator from Massachusetts [Mr. KENNEDY] in introducing legislation to reauthorize the Federal funding programs needed for the Blackstone River Valley National Heritage Corridor Commission to carry out its mission of preserving and interpreting an important legacy of our Nation's past.

Nothing succeeds like success, and the Blackstone NHC is a wonderful example of successful coalition building, between States, among various levels of government, among communities, and among business, industry and a variety of civic, historic and public interest groups.

Our legislation would expand the Blackstone NHC—the largest national park or affiliated area in New York or New England: 250,000 acres, including 20 towns or cities in 2 states—and reauthorize its Federal funding programs.

As written, our bill would authorize $650,000 a year for operations and less than $5 million in total development funds over 3 years. We arrived at these figures only after close consultation with the Corridor Commission. The funding levels, frankly, are modest but sufficient.

As proposed, our legislation would add four towns—Leceister, MA, and Burrillville, Glocester, and Smithfield, RI—and one city—Worcester, MA, to the existing corridor along the watershed of the 46-mile-long Blackstone River.

We take a great deal of pride in the fact that America's industrial revolution was born on the banks of the hard-working Blackstone River, which flows from Worcester, MA, to Pawtucket, RI.

This legislation, which builds on a reauthorization that I sponsored in 1990, will help to spotlight that legacy for the Nation.

The national historic value of the Blackstone, and it's role as cradle of our industrial revolution, was recognized by the Congress with the enactment of the Blackstone Valley National Heritage Corridor Act—Public Law 99-646—in 1986.

The Blackstone Corridor Commission, created by this law, has done an excellent job of planning to create a chain of linear parks along the banks of the river to preserve, protect and tell the national story of the Blackstone Valley.

This is truly a bipartisan effort and I am delighted that my colleagues, the junior Senator from Rhode Island [Mr. CHAFEE] and the junior Senator from Massachusetts [Mr. KERRY] are joining us in introducing this important measure.

When I testified in 1986 in support of the original authorization, which was sponsored by my colleague, Senator CHAFEE, I noted that the Blackstone River is our link not only to the past, but to the future.

That, I think, is the most important point we can make about the Blackstone River Valley Heritage Corridor. By preserving and highlighting our pioneering industrial past, we can foster a better future and an increasing sense of pride for our citizens.

That was the vision I had back in the spring of 1983. It was then I initiated the first meeting of the National Park Service, the Rhode Island and Massachusetts Departments of Environmental Management, and representatives of congressional delegations from both Rhode Island and Massachusetts to coordinate plans for the Blackstone River.

The birthplace of the American Industrial Revolution is well worth preserving and we, on the Federal level, should continue to do what we can to support that effort.

We are in extremely difficult economic times, but that should serve to underscore for us the lessons to be learned from the Blackstone River Valley National Heritage Corridor. When we look at historic battlefields throughout America, we should not overlook one of our most important battles—the economic battle of the industrial revolution.

There is another, more modern lesson to be learned: The Blackstone NHC is an extraordinary bargain for the taxpayers. With only a modest Federal contribution, the corridor has leveraged funds by sometimes as much as a 20–1 match.

We continue to look for examples of imaginative, efficient, and cost-effective concepts. We need to look no further than the Blackstone Valley—not only for where those concepts were born but where they continue to be practiced and developed to this day.

By Mr. BREAUX (for himself and Mr. HOLLINGS):

S. 1223. A bill to extend the existing suspension of duty on power-driven weaving machines for weaving fabrics more than 4.9 meters in width; to the Committee on Finance.

DUTY SUSPENSION LEGISLATION

• Mr. BREAUX. Mr. President, I am pleased to introduce a bill which would renew until December 31, 1994, a prior duty suspension bill for certain wire weaving looms. These looms manufacture machine clothing which itself is ultimately used in the production of paper products.

Wire weaving looms are critical to the production of various kinds of paper products. Different kinds of paper require machine clothing of differing specifications. Wire weaving looms produce these varying machine cloths and are an important step in an important value added process. In fact, the entire process of converting wood into paper would not be possible without the looms which produce the paper machine clothing. Forming fabrics, press felts, and dryer felts and fabrics fulfill the essential function of carrying and supporting the paper sheet when it is formed, pressed, and dried.

Because these looms are not manufactured in the United States, they must be imported. The looms themselves cost in excess of $2 million each. Costs associated with the 4.7-percent duty rates on these looms are eventually passed onto consumer of the finished paper products and consequently affect the competitiveness of our U.S. paper industry.

I urge my colleagues to support this critical component of our world class paper industry and renew the duty suspension on these wire weaving looms. I also ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1223

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXTENSION OF EXISTING SUSPENSION OF DUTY ON POWER-DRIVEN WEAVING MACHINES FOR WEAVING FABRICS MORE THAN 4.9 METERS.

Heading 9902.84.46 of the Harmonized Tariff Schedule of the United States is amended by striking "12/31/90" and inserting "12/31/94".

SEC. 2. EFFECTIVE DATE.

(a) IN GENERAL.—The amendment made by section 1 shall apply with respect to goods entered, or withdrawn from warehouse for consumption, on or after the 15th day after the date of the enactment of this Act.

(b) RETROACTIVE PROVISION.—Notwithstanding section 514 of the Tariff Act of 1930 or any other provision of law, upon a request filed with the appropriate customs officer on or before the 180th day after the date of the enactment of this Act, and entry, or withdrawal from warehouse for consumption, of goods described in heading 9902.84.46 of the Harmonized Tariff Schedule of the United States that was made—

(1) after December 31, 1990; and

(2) before the 15th day after the date of the enactment of this Act;

and with respect to which there would have been no duty or a lower duty if the amendment made by section 1 had applied to such entry or withdrawal, shall be liquidated or reliquidated as though such entry or withdrawal had occurred on the date that is 15 days after the date of the enactment of this Act.•

By Mr. METZENBAUM (for himself and Ms. MOSELEY-BRAUN):

S. 1224. A bill to prohibit an agency, or entity, that receives Federal assistance and is involved in adoption or foster care programs from delaying or denying the placement of a child based on the race, color, or national origin of the child or adoptive or foster parent or parents involved, and for other purposes; to the Committee on Labor and Human Resources.

MULTIETHNIC PLACEMENT ACT OF 1993

Mr. METZENBAUM. Mr. President, I rise today to speak about children, not all children but some children. Make no bones about it. One of my great passions in life has to do with children. To me, it is something wonderful. They are fresh and have open minds. They have the whole world to conquer before them. They represent the best in all of us and our best hope for the future. All of my life I have found myself sharing that concern about children, no matter the circumstances of their birth. I believe that those children need to be treasured and nurtured.

Not all children are born well. Not all children are born in the families of means. Many children have real challenges facing them as they are born. Whether it is a baby born with AIDS and addicted to crack or my own wonderful grandchildren, I, frankly, want to do everything in my power to make sure that every child grows up in a loving, caring, stable, and safe environment.

Sadly, children in America today are in more danger than ever before. Poverty, crime, substance abuse are tearing families apart. The number of children in the foster care system has exploded from 276,000 in 1986 to 450,000 in 1992—an unbelievable expansion. Children are entering foster care at a younger age, in record numbers, and are staying in the system for far longer periods of time.

The Government's goal for most children in foster care should be reunification with their families. We must also increase the funding for programs that prevent the breakup of families in the first place and help them to stay together once they are reunited. However, family reunification is not always possible nor is it appropriate. As a result, thousands of children of all races and colors are presently waiting to be adopted in America. The vast majority are living in foster care homes, some of which are good, some of which are passable, and some of which are horrible—just terrible, terrible conditions.

I believe that every child who is eligible for adoption should have the right to be adopted by parents of same race if that is possible. Teaching a child to embrace his or her racial and cultural heritage is more easily accomplished when parents and children are the same race or ethnic group. I strongly support efforts to recruit prospective adoptive parents of all races.

Despite these efforts, same race placement is not available for the overwhelming majority of children in foster care homes—and I repeat—although it is desirable, although I think it is optimum, the fact is same race placement is not available for the overwhelming majority of children in foster care homes. This unfortunate situation is made even worse when State agencies prevent foster care children from being adopted by available and qualified adults solely because the child is of a different race than the prospective parents. Several State and local child welfare agencies virtually prohibit multiethnic and transracial foster care in adoption placements. Indeed, some agencies prevent the adoption of children by prospective parents of a different race, even after the child and parents have bonded through years of living together in a loving foster care home.

For example in Minnesota, a biracial couple was being forced to give up their 4-year-old black foster son who they are trying to adopt, solely because of a State law that discourages transracial adoptions. For shame, I say, for shame. The child's concern should be the primary concern. The little boy and his foster family have shared a caring and nurturing interracial home for more than 3 years. In Arizona, a white couple is seeking to adopt a 3-year-old black

foster daughter who came to live with them when she was only 3 months old. Although this couple have been wonderful foster parents, they face an uphill battle to preserve their loving family because of State policies where race is the controlling factor in placement decisions.

In instance after instance there are cases where there are wonderful opportunities for black children to be adopted by white parents—no black adoptive parents being available, being in a position to make the adoption, and that little child has a chance to grow up in a healthy home, get a decent education, and have a loving and caring family. But now some welfare agencies think that that is wrong, that there is some reason to oppose it.

Something must be done to help these and other children of all races and colors and national origins who are being denied the opportunity to be part of stable and caring interracial family when placement with a same race family is not available.

Today I am introducing a bill to strengthen the Federal Government's commitment to improving the lives of children and fighting harmful discrimination. I believe that same race placement is always desirable, if possible and if the prospective parents are appropriate. For that reason my bill states that race, national origin or color may be one of many factors to consider in determining the placement that is in the best interest of the child. However, my bill will also make it clear that race, national origin, or color cannot be the only consideration in making foster care and adoptive placements. Policies prohibiting racial and ethnic mixing have no place in determining what is in the best interests of any child.

I fully understand that transracial homes present special adjustments and problems for all those involved. But I have also seen firsthand they can provide the loving care and stable home that all children deserve. Moreover, I strongly oppose that which is too often the case today. Too many social workers prefer warehousing children in foster care homes and institutions over their placement in loving, permanent interracial homes. They are wrong in their policy and in their acts.

I expect that my bill may initially be of some concern to some who are committed to increasing the numbers of same race placements for children of color. I also prefer same race placements of children of all colors. But the unfortunate reality is that the number of children of color needing adoptive homes far exceeds the available number of persons of color seeking to adopt. I hope that someday there is an appropriate same race foster care or adoptive placement for every child who needs one.

But while we work toward that important goal, our bill simply restates the basic principles of title VI of the 1964 Civil Rights Act. This well settled law bans discrimination on the basis of race, national origin, or color in any program or activity that receives Federal funding. In addition, our bill provides for the same remedies that are allowed for title VI violations. HHS is directed to deny adoption assistance administrative funds to any agency found to be in violation of this law. Our bill also allows victims of discrimination to seek relief in Federal court.

All of us who profess a love for children and laudable values of this country must put aside our politics and prejudices. Our commitment to children in the fight against institutionalized bigotry must come first.

I urge my colleagues to support this legislation which I now send to the desk on behalf of Senator CAROL MOSELEY-BRAUN and myself.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

By Mr. BINGAMAN (for himself, Mr. MCCAIN, and Mr. SIMON):

S. 1225. A bill to authorize and encourage the President to conclude an agreement with Mexico to establish a United States-Mexico Border Health Commission; to the Committee on Foreign Relations.

UNITED STATES-MEXICO BORDER HEALTH COMMISSION ACT

Mr. BINGAMAN. Mr. President, I rise today to introduce the United States-Mexico Border Health Commission Act. Joining me in this bipartisan effort are the distinguished Senators from Arizona and Illinois, MCCAIN and SIMON. We are pleased to be working on this initiative with our colleagues in the House, the chairman of the House border caucus, Representative COLEMAN, and the members of the House border caucus.

Through this legislation, I believe we can begin to lay the foundation for effectively addressing the serious and far-reaching border health challenges that face our nation and Mexico. This is an issue that should be of tremendous concern to all of us. Developing solutions will require that we work together, in a bipartisan and binational manner, toward common goals.

Before discussing our legislation, I first want to commend the House Border Caucus, the American Medical Association and the Texas Medical Association in particular for their efforts to increase awareness nationally about border health issues and to develop long-term solutions to the many problems we face.

I was born a short distance from the United States-Mexico border, and I grew up in a small New Mexico town less than 90 miles north of the border. My father still lives there, in Silver City, today. Over the years, I have seen the border area change and grow. I have seen the problems first-hand, and I know we face an enormous task. I also know that our task will grow in urgency and importance as the United States and Mexico continue to open their borders and increase international trade and development. That is why I am committed to working to enact the United States-Mexico Border Health Commission Act.

Mr. President, in October 1991, the Texas Medical Association hosted a Border Health Conference in McAllen, TX. The idea for the legislation Senators MCCAIN, SIMON, and I are introducing today—and which Representative COLEMAN introduced last month—was born at that conference. In McAllen, a commitment was made by the medical societies of the border States—Texas, New Mexico, Arizona, and California—to draft legislation that would lay the groundwork for a high-level, binational commission which would work in coordination to protect the health and well-being of the residents of both countries. The Commission's key duty would be to develop a comprehensive, long-term plan of action. The plan would include goals, priorities, and methods for measuring and reaching those goals.

My home State of New Mexico was still in its infancy with respect to border health problems and border awareness in 1991, but we knew it was time for action. We knew we needed to develop strategies for dealing with the future. We knew that if we acted quickly and rationally, our State could avoid many of the environmental and health problems that already threatened our neighboring border States. New Mexico, if we acted quickly, would be a national experiment for economic development. And it could become a national model for success.

New Mexico—like the other border States—has grown and changed in the year and a half since the McAllen conference. Today, the need for this legislation and the binational commission is greater than ever.

In New Mexico, the border region is one of the State's fastest growing areas. Dona Ana County which is our State's most populous border county, grew by 40 percent between 1980 and 1990. It is projected to grow by another 30 percent before the year 2000. But despite this rapid growth, or perhaps because of it, New Mexico's border region is one of the poorest areas of the United States. Dona Ana County has been ranked as the 10th poorest county in the Nation, in terms of per capita income. Of the county's total population, 56 percent are Hispanic. More than one-third of them live below the poverty line.

Las Cruces, the county's largest city and the State's third largest, ranks as the fifth poorest city in the Nation in terms of per capita income. The average per capita income is less than

$9,500 in Las Cruces, with children under the age of 18 making up 30 percent of the population.

These statistics alone would force tremendous stress on the health care infrastructure of any region. But the residents of Las Cruces, Dona Ana County, and the rest of New Mexico face another serious challenge: They, along with the people of Texas, Arizona, and California, are on the frontline of our country's environmental and health problems.

Already, the over-developed environments of the Texas, Arizona, and California borders have been seriously degraded by water and air pollution from unregulated industries, widespread lack of sanitation facilities, toxic waste and other ground contaminants, and rapidly growing populations. Today, the threats these hazards pose are spreading. No longer are these problems exclusive to a geographic region or a State. Disease and death do not know political boundaries. They threaten all of us, Americans and Mexicans alike.

With this legislation, we have the opportunity to assess our border problems in the proper framework. We also have the opportunity in New Mexico to create a model for developing comprehensive solutions to these serious binational problems.

The Commission we are advocating, composed of officials and experts from the United States and Mexico Governments and key States will develop a workable binational plan of action. It will be a long-term plan, with clear goals and mechanisms for measuring progress.

We have a lot of work ahead of us, Mr. President, but together, with a common plan and common goals, I am confident we can improve the quality of life for our border residents and for all the people of the United States and Mexico.

To further explain the Commission and its duties to my colleagues, I ask unanimous consent that a summary of the bill be printed in the RECORD at the conclusion of my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SUMMARY: UNITED STATES-MEXICO BORDER HEALTH COMMISSION ACT

I. BACKGROUND:

The concept for the U.S.-Mexico Border Health Commission Act was developed at a border state health conference hosted by the Texas Medical Association in 1991. Since that time, members of the medical communities in Texas, New Mexico, Arizona, and California have worked closely with the American Medical Association and the Congressional Border Caucus to develop the bill and generate support.

This bill is a first-step toward an effective, comprehensive and long-term answer to the many health challenges facing U.S. and Mexico residents as our borders become more populated and more industrialized.

II. LEGISLATION:

The bill authorizes and encourages the President to enter into an agreement with Mexico to establish a Binational Commission on Border Health. The commission will:

(1) conduct a needs assessment to identify, evaluate, prevent, and resolve health problems affecting the border population of both countries;

(2) develop and implement an "action plan" for carrying out the activities recommended by the needs assessment, through:

(a) helping to coordinate public-private efforts to prevent and resolve border health problems;

(b) helping to coordinate public-private, culturally-competent border health education efforts; and

(c) developing and implementing culturally competent health-related programs where an unmet need currently exists; and

(3) develop a reasonable method, to be recommended to the governments of both countries, by which one government could reimburse a provider (public or private) for providing health care to a resident of the other country.

To carry-out these duties, the commission would:

(1) conduct and support investigations, research, and studies that will identify, study, and monitor border health problems;

(2) conduct and support a binational, public-private health data collection and monitoring system for the U.S.-Mexico border area; and

(3) provide financial and technical assistance to public and private efforts aimed at addressing border health problems.

Details of the U.S. section of the Commission are:

(1) 13 members: including the Secretary of Health and Human Services; the four commissioners of health for the U.S.-Mexico border states; two individuals from each of the four border states who have demonstrated an interest or expertise in border health issues.

(2) Regional offices: the Commission may establish regional offices to facilitate its work.

(3) Annual Reports: the Commission will report annually on its activities to the governments of both countries.

(4) For purposes of the Commission, the border area will be defined as the areas located in the U.S. and Mexico within 100 kilometers of the U.S.-Mexico border.

By Mr. AKAKA:

S. 1226. A bill to amend title 38, United States Code, to provide for the organization and administration of the Readjustment Counseling Service, to improve eligibility for readjustment counseling and related counseling, and for other purposes; to the Committee on Veterans' Affairs.

READJUSTMENT COUNSELING SERVICE AMENDMENTS OF 1993

Mr. AKAKA. Mr. President, today I am introducing legislation that would make improvements in the Department of Veterans Affairs' [VA] Readjustment Counseling Service [RCS], the management entity for the Department's veterans readjustment counseling centers, more commonly known as "vet centers." Specifically, my bill would: Make RCS a permanent, statutory service within VA; raise the status of the RCS director; expand eligibility for RCS services; preserve the confidentiality of RCS records; make improvements to the Advisory Committee on the Readjustment of the Vietnam and Other War Veterans; expand the Vietnam Veteran Resource Center pilot program; and, establish a pilot program authorizing the provision of primary health care services at vet centers.

Mr. President, the vet center program was authorized by Congress in 1979 to provide readjustment counseling services to Vietnam era and Vietnam combat veterans. Originally based on a model first developed by veteran self-help groups in the late 1960's and early 1970's, and further developed by the Disabled American Veterans, vet centers were established as informal, community-based facilities where a veteran could obtain assistance without encountering significant bureaucracy. The centers' informal atmosphere, distance from traditional VA institutions, and highly trained, empathetic staff, many of them Vietnam veterans themselves, gave them credibility in the eyes of veterans who, for whatever reason, remained reluctant to seek Government-provided services.

Since their inception, vet centers have helped more than 1.4 million clients readjust to civilian life. The number of vet centers has steadily increased from the original 87 to 201 today, operating in all 50 states, the Virgin Islands, and Guam. Because of the program's great success and popularity, Congress expanded eligibility beyond the original Vietnam-era population to include theater veterans of post-Vietnam conflicts, such as Lebanon, Grenada, Panama, and the Persian Gulf.

RCS has been a dynamic force in addressing the most topical issues facing the veteran population it serves. While the primary goal of the vet center program is to provide psychological counseling to assist veterans readjust to civilian life, it has also been active in other areas as well. For example, vet centers have taken a leading role in addressing post traumatic stress disorder [PTSD], a syndrome brought on by extraordinary mental trauma such as combat, whose devastating effects is only just beginning to be understood by the mental health profession.

Vet centers have also assumed additional responsibilities in the areas of homelessness, disaster assistance, sexual trauma, alcohol and substance abuse, suicide prevention, the physically disabled, and minority veterans. Where vet center counselors have been unable to assist veterans, they have been helpful in identifying and providing access to appropriate services offered elsewhere within VA or the community at large. Indeed, it is their very willingness to do whatever it takes to help veterans, with a minimum of redtape, that makes vet centers so special.

In this respect, vet centers fully live up to RCS's motto, "Help Without Hassles."

Yet, Mr. President, in spite of the program's widespread popularity and demonstrable record of success, several aspects of RCS's organization, administration, eligibility criteria, and scope of services need to be preserved, modernized, or changed altogether. A number of important improvements must be made to ensure that the program is up to the challenge of meeting the needs of a changing veteran population. This is particularly critical in view of the imminence of health care reform, which is expected to transform the health care environment and force VA to undergo fundamental changes if it is to remain competitive with other health care providers. If these improvements are not made, I am convinced that the Vet Center Program stands in danger of becoming an anachronism, unable to meet the actual needs of the men and women it was created to serve.

For these reasons, I am proposing a number of changes in the program. A brief discussion of my bill's major provisions follows:

ORGANIZATION AND BUDGET

Vet centers are administered directly by the RCS leadership in Washington through seven regions. All administrative and professional—clinical—control is exercised by direct line authority. In other words, vet centers across the country report directly to their superiors in RCS, not through local VA medical centers or regional benefits offices. Thus, vet centers enjoy significant independence, which is key to their ability to respond quickly and appropriately to the specific needs of the clientele that vet centers serve.

This line authority and organizational structure make high levels of war veteran and minority staffing in vet centers possible, and are responsible for maintaining quality control levels unique within the Department. In addition, the current structure promotes cost-effectiveness. Since the first vet center began operations in 1980, the cost-per-veterans visit has dramatically decreased from $87 to $20 in 1980 constant dollars—$87 to $67 in current dollars. In a recent letter to me, Secretary Brown asserted that one of the reasons that this has occurred is due to:

> Various management and operational improvements which are able to be carried out on a continuous basis as a result of the fact that VA's vet center system is operated on a fully-centralized basis, whereby combined professional and administrative supervision and control are exercised by the VACO [VA Central Office] component and seven regional managers and their staffs.

Despite the obvious advantages that derive from the existing organizational structure, various attempts have been made over the years to undermine RCS's independence from other health care entities or programs. Some years back, beginning in 1987, there was an effort to close a number of vet centers or to relocate them to VA medical centers. Proponents of this initiative hoped by this means to bring vet centers under the more traditional administrative and clinical oversight of local medical centers. Fortunately, Congress recognized this as an ill-disguised attack against the vet center movement, and swiftly enacted legislation barring relocation or closure of any vet center without congressional notification or review.

More recently, in the last 2 years, another proposal was raised to bring RCS and the vet centers under the control of local hospitals. Under this new plan, vet centers would simply be subject to the administrative control of the chiefs of staff of VA hospitals, rather than be physically incorporated into the medical centers. Fortunately, this proposal was dropped after several veterans organizations and members of the Senate Committee on Veterans' Affairs expressed strong opposition to the ploy, recognizing it as a thinly disguised reprise of earlier attempts to emasculate the vet center program.

Yet, Mr. President, the institutional forces which have never recognized the valuable role that vet centers play in the well-being of thousands of veterans continue to lie in wait for another opportunity to curtail RCS's autonomy and render the vet center program just another clinical service.

Section 2 of my bill would put an end to attempts to curtail the operational independence of vet centers by making the service a statutory organization, and freezing its administrative structure as of January 1993. But my legislation would also give VA the flexibility to propose organizational changes to the service, provided that Congress is duly notified of such changes and is given an opportunity to review them.

In addition, section 2 provides that each budget submitted to the Congress would specifically cite the amount requested for the operation of the RCS as well as the amount requested for Advisory Committee review of the RCS. This provision will help prevent the diversion of funds from this program, something which has occurred in the past only because RCS does not have the institutional clout to protect itself from budget raids by other clinical services.

STATUS OF RCS DIRECTOR

Mr. President, RCS administers a service with 850 employees, 201 vet centers, seven regional offices, and a budget upward of $56 million. The unique readjustment counseling services and mental health programs that RCS manages are central to the mission of VA and vital to the health care of veterans. Yet, because RCS represents a relatively new, nontraditional approach to health care, it has not gained universal acceptance within the Department, and specifically within the Veterans Health Administration. The service's budget and programs have suffered as a result.

While the Director now reports directly to the Associate Deputy Chief Medical Director for Clinical Programs, as do the heads of other clinical services—for example, hospital services, ambulatory care, nursing, geriatrics and extended care, dentistry, environmental medicine and public health—the perception that RCS is a lower level entity, and thus is less able to hold its own vis-a-vis other services in terms of resource allocation, is underscored by the fact that the Director is at a lower salary and administrative level than the heads of these services.

Section 3 of my bill simply raises the Director of RCS to the level of Assistant Chief Medical Director, thus giving him or her equal status with the heads of most other clinical services. Section 3 also clarifies the academic and experience requirements for the position, specifically opening the job to psychologists, social workers, and other health professionals, and requiring at least 3 years of clinical experience and 2 years of administrative experience within RCS or comparable mental health counseling service. This will give those who have actually worked in vet centers, or similar facilities, an opportunity to hold the highest position in their service.

EXPANSION OF ELIGIBILITY TO OTHER VETERANS

Under current law, only certain veterans are entitled to readjustment counseling. These include Vietnam-era veterans, and theater veterans of Lebanon, Grenada, Panama, and the Persian Gulf. Section 4 of my bill expands entitlement for readjustment counseling to all veterans, regardless of period, including World War II and Korean war veterans.

Mr. President, considering that so many veterans have shown a need for the services offered through vet centers, it is time to recognize that potentially all veterans require vet center services at some time in their lives. With regard to World War II or Korean veterans, most have long since adjusted to their circumstances. However, a few of these older veterans, for example, prisoners of war who were subjected to torture and starvation, still suffer from recurring effects of PTSD and other war-related problems. It is patently unfair to deny these individuals the services that are available to their younger counterparts. Indeed, many vet centers flout the law to assist these older veterans, despite the fact that they are not strictly authorized to do so.

Since 1987, the Senate Committee on Veterans' Affairs has reported legislation that would entitle Korean and World War II combat veterans to vet

center services. Each of the four times that the Senate adopted such legislation, it was opposed by the administration and rejected by the House. My legislation again expresses the Senate's position on this issue but goes one step further, by expanding the entitlement to all veterans, not merely combat veterans.

There is a very sound reason for extending entitlement to all veterans. Very simply stated, a veteran does not have to see combat to experience trauma associated with service to his or her country. Serious training accidents can cause as much psychological damage as incidents experienced during wartime. We need to recognize that PTSD and other mental health problems do not recognize the artificial distinctions we use to distinguish between a declared period of war and peacetime. It is time that title 38 is changed to reflect this fact.

BEREAVEMENT COUNSELING FOR VETERANS' SURVIVORS

Another original feature of my legislation is extension of eligibility for vet center services to immediate survivors of military members killed in action or in the line of duty. Section 4 of my bill authorizes vet centers to provide grief counseling to survivors of those who died in combat or as a result of a service-connected condition. As my colleagues are aware, vet centers currently provide family counseling; however, this counseling is only provided as a means of supporting the readjustment of the veteran. I believe that if a member of the military services has made the supreme sacrifice and died in the defense of his or her country, we have an obligation to offer counseling to his or her survivors to deal with their loss.

The Department of Defense technically provides basic bereavement counseling and assistance. However, as most of us are aware, more often than not this counseling consists of an official notification process rather than actual bereavement counseling. In addition, while there are services available to a service person's spouse and dependents, there is nothing available for the parents of deceased service members. In effect, family members are left to fend for themselves, or are helped by informal support groups made up of other caring individuals or families. Who among us can say that these parents have not suffered an irreplaceable loss in the name of their country, or that they are not deserving of minimal grief counseling?

For these reasons, I propose to expand the role of the vet centers to provide bereavement and family counseling to family members of those killed in the line of duty. Vet center personnel are well trained in the provision of such assistance. This benefit would be limited to grief counseling and would not extend to the full range of counseling services. Furthermore, these services will be provided on a resource-available basis; as such, they should not detract from the services available to veterans.

CONFIDENTIALITY OF RECORDS

A major appeal of the vet centers is their physical remoteness and administrative independence from VA hospitals and regional offices. Some veterans, particularly Vietnam veterans, bear a profound distrust of the authority and bureaucracy represented by most VA facilities. Others fear that sensitive information divulged in confidence, and taken out of context, could be used against them by individuals or agencies outside the vet center system. Yet others, including some who may be current VA employees, fear the stigma associated with mental health treatment, and would never risk entering a vet center unless their files could be protected not only from the public, but more specifically from other VA entities.

Protecting the confidentiality of records is crucial to the relationship between such veterans and their counselors. Veterans entering a vet center must be able to have absolute confidence that the counselor can guarantee the privacy of their care. It would be morally unfair, ethically untenable, and clinically disastrous if a vet center file were opened to non-RCS personnel, in all but the most extreme and dire circumstances.

Thus, even attempts to seek access to confidential files for the best of reasons should be treated under the very highest standards of confidentiality. For example, attempts by outsiders to gain access to RCS records under the guise of research must be very carefully supervised by vet center personnel in a manner that will meet these needs, but never at expense of the confidentiality implicitly promised to veterans. This is not to say that data should not be collected. Collecting vet center workload data is essential, but the specifics of an individual veteran's care and treatment must be kept inviolate.

Because confidentiality, and therefore trust, is the key to an effective vet center program, section 5 of my bill codifies existing policies regarding confidentiality which have been carefully developed by RCS over the years and which appear to have worked extremely well in practice. Under section 5, a veteran's record could be provided to non-RCS personnel only if the veteran consents, if there is a medical emergency, if there is imminent danger to the veteran or others, or if a competent court orders the release of the record.

ADVISORY COMMITTEE ON THE READJUSTMENT OF VIETNAM AND OTHER WAR VETERANS

The Advisory Committee on the Readjustment of Vietnam and Other War Veterans is the chief advisory body to the Secretary on readjustment issues. The committee's purpose is to serve as a forum for consumer representatives to systematically review, evaluate, and advise VA on the provision and coordination of services relative to veterans' post-war readjustment to civilian life.

Because the advisory committee is comprised of non-VA members, it represents a point of view independent from the Department, and thus serves as an invaluable check, or barometer, of RCS's performance. As such, I believe that it is important that RCS always have the benefit of the committee's advice and oversight. However, the panel's future is potentially threatened by a recent Executive Order 12838 calling on various departments and agencies to phase out one-third of their advisory committees by the end of the year. While I fully expect that Secretary Brown will not seek to abolish the advisory committee, I fear that future Secretaries, who may not fully understand its importance to the vet center program, may not support the panel.

To forestall efforts to eliminate the committee, section 6 calls for its permanent authorization, with the stipulation that at least two-thirds of its membership be comprised of combat or combat-era veterans. Section 6 also requires that the committee provide annual reports to the Secretary, who shall formally transmit them to Congress.

PLAN FOR EXPANSION OF VVRC PILOT PROGRAM

In 1985, Congress authorized a program under which a number of vet centers, to be known as Vietnam Veteran Resource Centers [VVRC's], would be supplemented with additional staff who would provide benefit counseling; employment counseling, training, and placement; intake, referral, and follow-up services for alcohol- and drug-related problems; and assistance in coordinating benefits and services. The idea behind these super centers was to provide centralized, one-stop services for veterans. The VVRC concept was tested at 10 sites between December 1986 and August 1988. VA's report to Congress at the conclusion of the program indicated that the VVRC concept enjoyed considerable success.

According to the report, which was based on a survey of the team leaders of the 10 VVRC's, the mix of services available at the VVRC's were clinically relevant and appropriate to the needs of Vietnam era veterans. The additional staff and augmented services at VVRC's enhanced the staffs' capacity to provide more comprehensive readjustment counseling services. In addition, the added staff and services were successfully incorporated into the preexisting service mix of counseling, outreach, and social services. Finally, the internal case management and interagency liaison activities were upgraded and enhanced.

Perhaps most significantly, the report also stated that the 10 VVRC sites had been so effective in meeting the needs of local Vietnam veterans that the Department intended to continue the program at those sites indefinitely. As I understand it, the 10 sites are continuing to function successfully to this day; apparently, only a lack of management initiative and uncertainty over the availability of staffing resources have prevented the VVRC concept from being extended to other vet centers.

To promote the VVRC concept, section 7 of my bill requires the Secretary to submit to the House and Senate Veterans' Affairs Committees a plan and schedule for the expansion of the VVRC program to all vet centers nationwide. It is my hope that development of the plan will encourage VA to reassess its priorities with respect to the VVRC program.

HEALTH CARE PILOT PROGRAM

Mr. President, as I have noted previously, it is an unfortunate fact that many veterans who seek out vet centers also are either unable or unwilling to seek treatment at VA medical centers or outpatient clinics. Vet centers tend to attract a significant number of veterans who are reluctant to brave the more formal, bureaucratic atmosphere which attends hospital-based services. Other veterans, while otherwise eligible for medical care, either cannot or will not travel to their local VA medical center. Some veterans simply do not wish to be inconvenienced by traveling to a hospital that is distant from home. Still others, such as indigent or homeless veterans, have few means of transportation at their disposal, or are simply unaware of their eligibility for hospital care.

I am convinced that VA can make a greater effort to outreach such veterans. If the mountain cannot come to Mohammed, Mohammed must go to the mountain. VA should begin to examine innovative ways to provide medical care to veterans who would otherwise not be present for care at medical centers. I believe that vet centers, which tend to be easily accessible and located where veterans reside, are ideal venues in which to provide user-friendly, accessible primary medical services.

Section 8 of my legislation calls for VA to establish a 2-year pilot program to test the feasibility of offering limited health care services through vet centers. It requires the Secretary to test three different health care models. In the first model, a qualified health professional would provide basic ambulatory services and health care screening on a part-time basis. In the second, a qualified health professional would provide a full range of ambulatory services for at least 40 hours a week. In the final model, a minimum of 120 hours of physician services would be required. These models would be tested at 12 to 15 vet centers located in various geographic settings, including rural and urban areas, and serving veterans from a variety of economic, social, and ethnic backgrounds.

I believe that the pilot initiative will reveal what we already know from anecdotal data—that there are significant numbers of veterans who are underutilizing their health benefits. By offering basic health services in user-friendly vet centers, VA may be able to capture some of these veterans and, if necessary, bring them into the hospital system for more extensive care. The clinics established at vet centers could serve as initial screening and referral points to VA medical centers for eligible veterans, or community institutions for noneligible veterans. The vet center-based clinics could also be used for routine aftercare by veterans discharged from hospitals.

The test program would be helpful in securing information relevant to health care reform. Since its inception in 1979, by stressing outreach and consumer satisfaction, the vet center program has been a new and innovative provider of service for a designated segment of the veterans' population. Assuming that health care reform will force VA to compete against other large health care providers for business, I believe that a system of primary health clinics based in existing vet centers would help make the VA system more accessible, and thus attractive, to potential patients. Thus, this pilot program has significant implications for the future viability of the VA system. It will help VA exploit the potential benefits of the tremendously successful RCS program and its potential for expansion into the medical delivery realm.

CONCLUSION

Mr. President, there can be little doubt as to the importance of the work of RCS and the vet centers. In the area of PTSD alone, increasing workloads confirm findings that 479,000 Vietnam theater veterans currently suffer from the disorder, but that only 20 percent have ever received care. The Persian Gulf war has created a new generation of war-zone veterans whose incidence of stress disorders is as yet undetermined, but which may be as high as 10 percent. Our recent military activities in Somalia is bound to produce additional readjustment needs. And who knows what demand for vet center services will arise if the United States steps up its involvement in the Balkans.

It is clear that the demand for vet center services is unlikely to fall off in the foreseeable future. But certain changes to the program must be made to give it the flexibility to respond effectively to new demands and changing circumstances. At the same time, the basic integrity of the program must be maintained. I believe my legislation accomplishes both purposes. On the one hand, it maintains what is best in the program by codifying and enhancing RCS's organizational structure and administrative practices. On the other, it gives vet centers the authority and flexibility to take up new challenges, by expanding their eligible client base and exploring the vast potential of vet center-based primary health care and benefits services.

Mr. President, the vet center program is well worth preserving. It is a national resource that has proven its worth may times over since its establishment 15 years ago. My bill will give RCS the tools it needs to move successfully into the next century. I wish to work with the veterans community and my colleagues in both Houses to develop the best, most practicable legislation possible. I welcome my colleagues' suggestions and hope they are able to support this important measure.

By Mr. WOFFORD:

S. 1227. A bill to make technical correction to emergency unemployment benefits provisions; to the Committee on Finance.

EXTENDED UNEMPLOYMENT BENEFITS LEGISLATION

• Mr. WOFFORD. Mr. President, today I am introducing legislation to fix what some may call a technical problem with the availability of extended unemployment benefits. But it is a problem that affects thousands of unemployed people and their families in Pennsylvania and around the country.

Because of persistently high unemployment levels, Congress has extended unemployment benefits for those whose regular State jobless benefits ended. Earlier this year, extended benefits were provided to those whose regular benefits were set to expire on or before October 2.

However late last week, the Department of Labor announced that beginning July 11 it was reducing the maximum duration for new extended benefits claims. For Pennsylvanians, this decision will have the impact of reducing extended benefits from 20 weeks to 10 weeks. In States with higher unemployment rates, extended benefits will be reduced from 26 to 15 weeks.

It was wrong to reduce these benefits. This is not to say that we have not received some good employment news recently. Nationally, the unemployment rate has gone down from 7.7 percent in June of 1992 to 7.0 percent in June of this year. In Pennsylvania, the unemployment rate has gone down from 8.2 to 6.8 percent since January—with total employment up by 149,000.

But the fact is that many people are still having a hard time finding a job because of the slow rate of job growth. The Department of Labor estimates that this decision will affect 780,000

new entrants into the extended benefit program between July 11 and October 2.

In Pennsylvania, tens of thousands of workers will receive fewer benefits. And these people are often the victims of mass layoffs in communities where there are not enough new jobs being created in the near term.

It is not clear whether the Department of Labor needed to make the decision it did. The Department of Labor based its decision on statutory language requiring a reduction in benefits when the average rate of total unemployment for all States for the most recent 2-calendar-month period is at least 6.8 percent but less than 7 percent. A plain reading of this language has led to the unfortunate result of reducing benefits when the national unemployment rate went up from 6.9 percent in May to 7 percent in June. I believe that Congress meant the period for extended benefits would be reduced only when the national unemployment rate is below 7 percent for 2 months.

Now we in Congress are left with the responsibility to fix this decision. Today, I am introducing legislation to do just that. This legislation is identical to section 13274 of the House-passed reconciliation bill. It is my hope that this legislation will be included in the final reconciliation bill.

Extending unemployment compensation benefits is only a temporary stopgap. But it's a vital one. Not only for the people who need the help, but for an economy that needs them to return to the work force.●

By Mr. BROWN (for himself, Mr. MCCAIN, Mr. PRESSLER, Mr. MACK, Mr. BURNS, Mr. SMITH, Mr. FAIRCLOTH, Mr. BENNETT, and Mr. CRAIG):

S. 1228. A bill to repeal the Davis-Bacon Act of 1931 to provide new job opportunities, effect significant costs savings on Federal construction contracts, promote small business participation in Federal contracting, reduce unnecessary paperwork and reporting requirements, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. BROWN (for himself, Mr. MCCAIN, Mr. PRESSLER, Mr. MACK, Mr. SMITH, Mr. FAIRCLOTH, Mr. BENNETT, and Mr. CRAIG):

S. 1229. A bill to repeal the provisions of the Service Contract Act of 1965; to the Committee on Labor and Human Resources.

REPEAL OF THE DAVIS-BACON ACT OF 1931 AND THE SERVICE CONTRACT ACT OF 1965

● Mr. BROWN. Mr. President, I introduce two bills which will provide relief to business and the taxpayer. These bills would repeal the Davis-Bacon Act of 1931, and the Service Contract Act of 1965. These antiquated laws have artificially increased the cost of Federal construction and service contracts. The Congressional Budget Office estimates repeal of these laws will save the Federal Government nearly $6 billion over 5 years.

The Davis-Bacon Act now requires that construction contracts of more than $2,000 entered into by the Federal Government specify minimum wages to be paid to the various classes of laborers and mechanics working under those contracts. The minimum wages are based on the prevailing wage in the locality of the project for similar crafts and skills for comparable construction work, as determined by the Department of Labor.

The Service Contract Act requires Federal contractors to pay wages and fringe benefits equivalent to the prevailing wage in the locality when contracting for a service worth more than $2,500. These costs are ultimately passed on to the taxpayer.

In addition to higher costs resulting from prevailing wage requirements, these laws also burden private firms with tremendous paperwork. Contractors must submit extensive weekly payroll reports proving compliance with the law.

The harmful effects of Davis-Bacon Act are felt by more than the businesses burdened with paperwork, and the taxpayers who must pay the higher cost of Federal contracting caused by the Davis-Bacon Act and the Service Contract Act. I recently learned of a small community library in Oregon which was never built—because of the Davis-Bacon Act.

Last fall, the people of Philomath, OR raised over $600,000 to construct a new library for their town. Hundreds of citizens donated time, money, and supplies for the project. The critical factor in making the project affordable was the townspeople's willingness to volunteer to help with construction.

Because a $112,000 Federal library construction grant was awarded to the town for its new library, the Davis-Bacon Act applied to the whole project. Volunteerism was outlawed, and the city was ordered to pay each laborer the prevailing wage of $20–$25 per hour. The loss of volunteer labor added tens of thousands of dollars to the cost of the project, and the town was forced to abandon its dream for a new library—all because of an antiquated 60-year-old law.

Mr. President, the time has come to repeal these laws. I am pleased to be joined by Senators MCCAIN, MACK, PRESSLER, FAIRCLOTH, BENNETT, BURNS, SMITH and CRAIG, in introducing these bills. Economic recovery for all business hinges on restoring opportunities for profit in the marketplace. Congress can help best by working to reverse longstanding Government policies that have increased costs of production, impeded access to markets, and eroded our ability to compete.

I urge my colleagues to consider cosponsoring this legislation.●

By Mr. D'AMATO (for himself, Mr. BOND, Mr. GRAMM, Mr. ROTH, Mr. MACK, Mr. FAIRCLOTH, Mr. BENNETT, and Mr. DOMENICI):

S. 1230. A bill to provide for community development banks; to the Committee on Banking, Housing, and Urban Affairs.

COMMUNITY DEVELOPMENT BANK ACT

● Mr. D'AMATO. Mr. President, along with Mr. BOND, Mr. GRAMM, Mr. ROTH, Mr. MACK, Mr. FAIRCLOTH, Mr. BENNETT, and Mr. DOMENICI, today I am introducing legislation designed to increase the flow of credit and capital to our distressed inner cities and rural communities. Throughout our country there are neighborhoods in decline because of a lack of capital and credit. In hearings before the Banking Committee earlier this year, we heard testimony that community development banks can provide a powerful tool in reestablishing neighborhoods and turn decay into prosperity by providing a combination of loans, seed capital, and technical assistance. Rural farm communities can also benefit from community development banks through the provision of farm loans and development capital.

Some banking organizations have already begun programs to develop distressed communities. The Shorebank Corp., is a bank holding company that provides funds for neighborhood development and renewal, banking services, and technical and business assistance for distressed areas in Chicago. This profitable organization has become a model for community development banks throughout the Nation. Community Capital Bank in Brooklyn, NY, is a successful bank specializing in urban renewal projects. Southern Development Bankcorporation is a bank holding company in Arkansas that is promoting economic growth in rural areas of that State.

Mr. President, one common feature of existing community development banking organizations is that while they are profitable, they are not earning a rate of return that can attract capital from the market. Instead, these organizations depend to a large extent on grants or capital investments from philanthropic organizations that are willing to accept a lesser rate of return than private investors.

My legislation would provide an alternate source of capitalization for existing community development banks—as well as incentives for the formation and capitalization of new institutions—without any Government assistance. Under my bill, banks and thrifts would be given incentives, in the form of relief from some of the regulatory paperwork burden under the Community Reinvestment Act, to invest in existing or newly chartered

community development banks. The community development banks, in turn, could take this capital investment and use it to raise enormous sums for community development purposes.

If every bank in the country participated in the program, and invested up to 5 percent of their capital—the current legal limit—in a community development bank, it would dedicate almost $12.9 billion to revitalizing our inner cities and poorer neighborhoods. This translates into a potential pool of $193 billion in new credit for community redevelopment. That's real money—even by Washington standards.

Mr. President, there are those who will say that this idea would enable banks to buy their way out of CRA. But I say this is the best way for banks to buy into CRA. Instead of building mountains of paperwork in the name of CRA, banks can be building affordable housing and stores for small businesses. Under CRA, banks should get credit for giving credit.

Mr. President, the Clinton administration is expected to announce tomorrow a proposal to create a nationwide network of community development financial institutions and a task force on Community Reinvestment Act reforms. The Banking Committee will hold a hearing on these ideas and initiatives with testimony from Secretary Bensten and Secretary Cisneros, among others. There may be differences between my proposal and the administration's, but I want to underscore that we are both trying to achieve the same goal. It is in that spirit that I am introducing this legislation today.

Mr. President, I ask unanimous consent to have printed in the RECORD the bill and a more detailed section-by-section description of the proposal.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1230

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Community Development Bank Act".

SEC. 2. STATEMENT OF PURPOSES.

The purposes of this Act are as follows:

(1) To increase the amount of credit available for the economic revitalization of distressed urban and rural communities.

(2) To enable economically disadvantaged persons and small, minority-owned, and women-owned business to have improved access to the resources of our financial system, and to use such resources as a foundation for economic growth, increased employment and community development.

(3) To increase the supply of mortgage credit and other financing necessary for the private sector to rehabilitate the housing stock in inner cities and rural areas for low- and moderate-income families.

(4) To provide capital for housing construction and development, small businesses, and community development projects.

(5) To provide technical and managerial assistance to small businesses and other entrepreneurs located in economically distressed areas.

(6) To encourage the establishment of privately capitalized community development banks to serve the credit needs of financially underserved residents of urban and rural areas of our country.

TITLE I—COMMUNITY DEVELOPMENT BANKS

SEC. 101. ESTABLISHMENT OF A COMMUNITY DEVELOPMENT BANKERS' BANK.

(a) IN GENERAL.—The Comptroller of the Currency is hereby authorized to issue a certificate of authority to commence the business of banking to a national banking association that is owned exclusively (except to the extent directors' qualifying shares are required by law) by one or more insured depository institutions and will be engaged primarily in community development activities.

(b) REQUIRED NAME.—A national banking association chartered pursuant to subsection (a) shall be known as a "community development bank", and shall use the term "community development bank" and the name of the community in which it is located and will serve, in its title.

(c) REGULATION.—A community development bank chartered pursuant to subsection (a) shall be subject to such rules and orders as the Comptroller deems appropriate, and, except as otherwise specifically provided in this title or in such rules and orders, shall be vested with and subject to the same rights, duties and limitations that apply to other national banking associations, including the right to accept deposits.

(d) BOARD OF DIRECTORS.—At least 25 percent of members of the community development bank's board of directors shall be individuals residing in and representing the interests of the community that the bank will serve.

SEC. 102. AUTHORITY TO INVEST IN A COMMUNITY DEVELOPMENT BANK.

An insured depository institution may invest in the shares of one or more community development banks. Such investment may not exceed, in the aggregate, an amount in excess of 5 percent of the depository institution's tier 1 or core capital or, in the case of a particular institution, such lesser amount as the appropriate Federal banking agency determines to be necessary in order to protect the safety and soundness of the institution.

SEC. 103. EXPEDITED PROCEDURES.

Within 6 months after the date of enactment of this Act, the Comptroller of the Currency shall develop and publish in the Federal Register expedited procedures for the consideration of applications for a certificate to commence the business of banking for a community development bank. The Federal Deposit Insurance Corporation shall develop expedited procedures for consideration of an application by a community development bank for deposit insurance. Final decisions shall be made by the Comptroller and the Federal Deposit Insurance Corporation within 9 months after the receipt of completed applications.

SEC. 104. COMMUNITY DEVELOPMENT BANK ACTIVITIES.

(a) PRIMARY PURPOSE.—A community development bank may only make loans and other investments designed to provide a reasonable economic return to the bank and its shareholders, consistent with its primary purpose of providing credit, capital, and related services to targeted persons and targeted geographic areas within its community.

(b) LOAN AND INVESTMENT ACTIVITIES.—In order to accomplish the purposes of this Act, a community development bank may engage in activities consistent with this Act, including the making or providing of the following:

(1) Residential mortgage loans.

(2) Residential construction loans.

(3) Small business commercial loans.

(4) Home improvement and rehabilitation loans.

(5) Neighborhood commercial revitalization loans.

(6) Small farm loans.

(7) Industrial development loans.

(8) Equity investments in low- and moderate-income real estate development and rehabilitation projects.

(9) Equity investments in community development corporations and projects.

(10) Equity investments in small business development corporations.

(11) Marketing and management assistance.

(12) Business planning and counseling services.

(13) Financial and technical services.

(14) Vocational training.

(15) Deposit funds in credit unions serving predominately low-income members as defined by the National Credit Union Administration Board.

(c) COORDINATION.—A community development bank shall coordinate its activities with activities and programs of the Department of Housing and Urban Development, the Department of Veterans Affairs, the Department of Commerce, the Small Business Administration, and other agencies with respect to the development and financing of community development organizations and projects and small businesses.

(d) COMPETITION WITH EXISTING INSTITUTIONS.—A community development bank shall target its activities to customers not adequately served by existing depository institutions.

SEC. 105. OTHER COMMUNITY DEVELOPMENT BANKS.

Any insured depository institution may apply to the appropriate Federal banking agency to be certified as a "community development bank". The agency shall issue such certification if it finds that such bank is primarily engaged in community development activities, and otherwise complies with the provisions of this Act, other than subsections (a), (b) and (c) of section 101, and that such certification will further the purposes of this title.

SEC. 106. COMMUNITY REINVESTMENT ACT EVALUATION.

(a) EXAMINATION.—The appropriate Federal banking agency shall conduct an annual onsite examination and evaluation of every community development bank in order to determine compliance with this Act and to assess the bank's record of meeting the credit needs of its community, as described in section 804 of the Community Reinvestment Act of 1977.

(b) HEARING REQUIRED.—Prior to issuing a final Community Reinvestment Act evaluation and rating, the appropriate Federal banking agency shall—

(1) publish in 2 or more newspapers of general circulation a statement that an informal hearing on the bank's success in meeting the credit needs of its community is to be held; and

(2) directly notify known representatives of consumer and community groups located

within the bank's community that an informal hearing is to be held.

(c) NOTICE.—The publication and notice required under subsection (b) shall state the date and place for the hearing, which must be at least 30 days following the date of the publication or mailing of the notice, and shall invite interested persons and organizations to provide oral and written testimony concerning the performance of the community development bank.

(d) CONSIDERATION OF TESTIMONY.—The appropriate Federal banking agency shall consider and take into account the testimony and statements provided by community representatives in evaluating the performance of a community development bank under this section.

(e) FINAL EVALUATION.—Following the hearing, the appropriate Federal banking agency shall provide a final Community Reinvestment Act of 1977 evaluation and rating, including a written explanation for any findings and conclusions.

(f) RE-EVALUATION.—A community development bank that receives a final rating that is less than a satisfactory rating shall be reevaluated within 90 days by the appropriate Federal banking agency in order to determine whether it has made the necessary changes in policies or practices to warrant a satisfactory rating.

SEC. 107. COMMUNITY REINVESTMENT ACT COMPLIANCE.

(a) EFFECT OF RATING.—For purposes of the Community Reinvestment Act of 1977, the evaluation and rating of a community development bank shall be deemed to be the evaluation and rating of each insured depository institution that has made a qualifying investment in such community development bank. Any insured depository institution receiving a satisfactory or outstanding rating pursuant to this section shall be deemed to have met the credit needs of its community.

(b) COORDINATION WITH OTHER LAW.—An insured depository institution that maintains a qualifying investment in a community development bank shall not be subject to an evaluation conducted pursuant to section 804 of the Community Reinvestment Act of 197/.

(c) EFFECT OF NON-QUALIFYING INVESTMENT.—An insured depository institution that makes an investment that is not a qualifying investment shall have that investment considered by the appropriate Federal banking agency when that institution is evaluated under sections 804 and 807 of the Community Reinvestment Act of 1977.

SEC. 108. BANK HOLDING COMPANY ACT.

No person shall be considered a bank holding company, or subject to the Bank Holding Company Act of 1956, due to an investment in a community development bank authorized under this title.

SEC. 109. DEFINITIONS.

For purposes of this title—

(1) the term "community development bank" means—

(A) a bank established pursuant to section 101, or

(B) certified as a community development bank pursuant to section 105,

that is primarily engaged in the business of providing credit and investment capital and related services to targeted populations and targeted geographic areas;

(2) the term "targeted population" means minority-owned and women-owned businesses, nonprofit organizations, community groups, and economically disadvantaged persons;

(3) the term "targeted geographic area" means a neighborhood or other geographic area that is suffering economic distress, as measured by unemployment, poverty, condition of housing stock, availability of credit, or other indicator of relative economic condition;

(4) the term a community development bank's "community" means 1 or more contiguous geographic areas that represent the combined market or service areas of the financial institutions that have made qualifying investments in such bank;

(5) the term "insured depository institution" shall have the meaning given such term in section 3 of the Federal Deposit Insurance Act;

(6) the term "appropriate Federal banking agency" shall have the meaning given such term in section 3 of the Federal Deposit Insurance Act; and

(7) the term "qualifying investment" means an investment in the equity shares of a community development bank in an amount that is equal to the maximum permissible amount for that investing institution, as prescribed in section 102.

SEC. 110. SAFETY AND SOUNDNESS.

Nothing in this title shall be deemed to interfere with the authority of the appropriate Federal banking agency or the Federal Deposit Insurance Corporation to limit the permissible activities or investments of an insured depository institution or depository institution holding company, by order or regulation, in order to protect the safety or soundness of such institution or holding company.

SEC. 111. DISCRIMINATION AND FAIR HOUSING.

(a) IN GENERAL.—Nothing in this title shall be deemed to interfere with the authority of the appropriate Federal banking agencies to examine institutions for compliance with or to enforce the Equal Credit Opportunity Act, the Fair Housing Act, or the Home Mortgage Disclosure Act.

(b) APPLICABILITY OF SECTION 107.—Section 107 shall not apply to any institution found, in a civil or criminal judicial proceeding or final agency adjudication, to have violated any law described in subsection (a).

TITLE II—CONFORMING AMENDMENTS

SEC. 201. COMMUNITY DEVELOPMENT REVOLVING LOAN FUND FOR CREDIT UNIONS.

(a) REPEAL.—Section 120(k) of the Federal Credit Union Act (12 U.S.C. 1766(k)) is repealed.

(b) AMENDMENT.—The Federal Credit Union Act is amended by inserting after section 129 (12 U.S.C. 1772c) the following new section:

"SEC. 130. COMMUNITY DEVELOPMENT REVOLVING LOAN FUND FOR CREDIT UNIONS.

"(a) IN GENERAL.—The Board may exercise the authority granted it by the Community Development Credit Union Revolving Loan Fund Transfer Act (Public Law 99-609) including any additional appropriation made or earnings accrued, subject only to this section and to regulations prescribed by the Board.

"(b) INVESTMENT.—The Board may invest any idle Fund moneys in United States Treasury securities. Any interest accrued on such securities shall become a part of the Fund.

"(c) LOANS.—The Board may require that any loans made from the Fund be matched by increased shares in the borrower credit union.

"(d) INTEREST.—Interest earned by the Fund may be allocated by the Board for technical assistance to community development credit unions.

"(e) DEFINITION.—As used in this section, the term 'Fund' means the Community Development Credit Union Revolving Loan Fund.".

SEC. 202. STUDY OF COMMUNITY DEVELOPMENT CREDIT UNION.

(a) IN GENERAL.—The National Credit Union Administration Board in consultation with representatives of the credit union industry shall conduct a study of community development credit activities by credit unions. In conducting the study, the Board shall consider—

(1) the role of these institutions in providing credit and related financial services to inner city and rural areas,

(2) the failure rate of these institutions in the past,

(3) the desirability of establishing a special examination force for community development credit unions, and mentor programs,

(4) the desirability of establishing a clearinghouse for the recirculation of startup equipment and furniture for community development credit unions, and

(5) appropriate startup and permanent financing programs for such credit unions.

(b) REPORT.—Not later than October 1, 1993, the Board shall issue a report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives on the study and the regulatory and legislative changes that may be necessary to ensure that community development activity by credit unions become and remain viable and productive.

SECTION-BY-SECTION ANALYSIS

Section 1. Short Title.—The title of the Act is the "Community Development Bank Act."

Section 2. Purpose.—The purpose of this legislation is to increase the flow of credit and capital to distressed urban and rural communities through the use of privately capitalized Community Development Banks. These funds will be used for housing rehabilitation, new business growth, the development of existing small and minority-owned businesses, and similar purposes.

TITLE I—COMMUNITY DEVELOPMENT BANKS

Section 101. Establishment of Community Development Bankers' Bank.—The Comptroller of the Currency is given the authority to charter a special type of bank that would be owned entirely by one or more depository institutions. This "community development bank" would have all of the powers of a national bank, including the authority to accept FDIC insured deposits. However, it would have as its primary mission the economic development of distressed rural and urban communities through the provision of loans and other services to targeted populations. Existing community development banks and community development credit unions, as well as other insured depository institutions could also become "community development banks" under section 105.

Section 102. Authority to Invest in a Community Development Bank.—Depository institutions are given the authority to invest in community development banks. In order to ensure that such investment will not impair the safety of the investing institution, the maximum investment cannot exceed an amount equal to 5 percent of the investing bank's capital. The appropriate Federal banking regulator could determine that for a particular institution a lower investment limit is necessary for safety and soundness reasons. An investment in a community development bank would not be deducted from the institution's capital. Instead it would be booked as a dividend paying asset.

Section 103. Expedited Procedures.—The Comptroller of the Currency is directed to develop expedited procedures for the consideration of applications to establish Community Development Banks. The FDIC is also directed to develop expedited procedures for the processing of insurance applications by these institutions.

Section 104. Community Development Bank Activities.—A Community Development Bank will be able to accept deposits and make housing and small business loans, neighborhood revitalization loans, small farm loans, equity investments in low- and moderate-income housing projects, equity investments in community development projects, and provide marketing, financial and other technical assistance. Loans and other investments must be expected to provide the Community Development Bank with a reasonable economic return. However, the bank may not target its activities to customers that are adequately served by existing depository institutions. Finally, the Bank must coordinate its activities with existing Federal and State programs to foster community development, such as those that are conducted by the Department of H.U.D. and the Small Business Administration.

Section 105. Other Community Development Banks.—Existing community development banks and community development credit unions may apply to their Federal regulator to be certified as a "Community Development Bank." In addition, state chartered banks may also apply for this certification. In order to be certified, the banking agency must find that the bank is primarily engaged in providing community development activities and complies with the provisions of the Act.

Section 106. Community Reinvestment Act Evaluation.—The appropriate Federal banking agency must conduct an annual onsite Community Reinvestment Act (CRA) examination of every Community Development Bank. Prior to issuing an evaluation and rating the agency must conduct an informal hearing at which the views of community groups will be solicited. Following the hearing, and after consideration of the views of the community groups, a final evaluation will be issued. If the Community Development Bank receives less than a "satisfactory" rating, it must be reexamined within 90 days to see if the deficiencies have been corrected.

Section 107. Community Reinvestment Act Compliance.—The evaluation and rating of a Community Development Bank shall be deemed to be the rating and evaluation of each depository institution that has made its maximum permissible investment in such bank. Such an investing institution shall not be independently examined for purposes of CRA compliance. Further, if the Community Development Bank has received a "satisfactory" or "outstanding" CRA rating, each depository institution that has made its maximum permissible investment in that Bank shall be deemed to have met the credit needs of its community.

A depository institution that makes less than its maximum permissible investment in a Community Development Bank shall receive appropriate credit for such investment for purposes of CRA compliance evaluations.

Section 108. Bank Holding Company Act.—An institution investing in a Community Development Bank shall not be considered a bank holding company due to such investment.

Section 109. Definitions.—A "Community Development Bank" means a bank chartered or certified as a Community Development Bank under this bill, that is primarily engaged in providing credit and investment capital and related services to targeted populations and targeted geographic areas. "Targeted populations" are minority-owned and women-owned businesses, other small businesses, nonprofit organizations, community groups and economically disadvantaged persons. "Targeted geographic areas" are neighborhoods or other geographic areas suffering economic distress.

A Community Development Bank's "community" means one or more contiguous geographic areas that represent the combined market or service areas of the investing depository institutions.

Section 110. Safety and Soundness.—This section clarifies that the bill does not effect existing regulatory authority to limit the permissible activities of depository institutions and holding companies.

Section 111. Discrimination and Fair Housing.—This section clarifies that it does not effect existing laws to prevent discrimination: the Equal Credit Opportunity Act, the Fair Housing Act, and the Home Mortgage Disclosure Act. Any institution found violating any of these laws will not qualify for the provisions of section 107 of this bill.

TITLE II—CONFORMING AMENDMENTS

Section 201. Community Development Revolving Fund.—This section provides that the N.C.U.A. Board may invest funds in the Community Development Credit Union Loan Fund (established in 1979) in Treasury securities. Interest earned on such investments may be used to provide technical assistance to community development credit unions.

Section 202. Study of Community Development Credit Unions.—The NCUA Board, in consultation with representatives of the credit union industry, is required to conduct a study of community development activities by credit unions. The NCUA Board is to report, by the October 1, 1993, to the Congress on legislative and regulatory changes that may be necessary to ensure that such activities become and remain viable and productive.●

By Mr. MOYNIHAN (for himself, Mr. DOLE, Mr. BOREN, Mr. WALLOP, Mr. GRASSLEY, and Mr. CHAFEE):

S. 1231. A bill to provide for simplified collection of employment taxes on domestic services, and for other purposes; to the Committee on Finance.

SOCIAL SECURITY DOMESTIC EMPLOYMENT REFORM ACT OF 1993

Mr. MOYNIHAN. Mr. President, I rise today to introduce the Social Security Domestic Employment Reform Act of 1993. It is the aim of this bill to simplify the requirements regarding the payment of Social Security taxes for domestic employees, and to improve Social Security coverage for such workers.

Specifically, the purpose of the bill is threefold. First, it would update and increase the wage threshold used since the Eisenhower administration to determine whether an employer must pay Social Security taxes on wages paid to domestic employees. Second, it would replace the current requirements for quarterly filing of such taxes with a simplified annual reporting procedure, through the IRS form 1040, in order to improve public awareness of the requirements and compliance with them. Finally, this legislation would exempt from Social Security taxes the wages paid to domestic workers under the age of 18.

Mr. President, as recent events have shown, these changes are long overdue. It appears that many people are unaware of their responsibility to pay Social Security taxes for domestic employees. This fact has been highlighted by problems in this area for some nominees for high Government office in the present administration.

Currently, an employer is required to pay Social Security taxes if he or she pays a domestic employee $50 or more in a calendar quarter. When this threshold was adopted, an employer paying the minimum wage could easily employ a housekeeper each week without reporting these wages. Today, it is possible to exceed the $50 test by occasionally hiring a neighborhood teenager to babysit or to mow the lawn. As a result, many citizens find themselves liable for reports and tax payments on the small sums paid for occasional domestic services.

The $50 per quarter threshold for domestic employees was adopted in 1954. At that time, $50 in wages was needed under the Social Security Act to be credited with a quarter of coverage. A quarter of coverage is, in a sense, the unit of measure used to determine eligibility for Social Security benefits. For example, 40 quarters of coverage is generally what is required now to qualify for retirement benefits. This year a worker must earn $590 to be credited with a quarter of coverage, and can earn a maximum of four in a year. This amount is indexed to rise with average wages. In 1954, the requirement or a quarter of coverage and the coverage test for domestic employees were the same. My proposal would restore this historic relationship.

Under this proposal, the threshold in 1994 would be an estimated $610, depending on the indexed increase in the amount required for a quarter of coverage. This test is significantly lower than other proposals that are under consideration, yet it is higher than the $300 test that was included in H.R. 11, the revenue bill of 1992, which was vetoed last November. I believe that a $610 coverage test strikes a reasonable balance between the desire to provide Social Security coverage to domestic employees, while at the same time relieving private citizens of the burden of reporting the small sums paid for occasional domestic services.

In addition, this bill would simplify reporting by eliminating the current requirement that employers make quarterly reports of wages paid to domestic employees and quarterly tax payments. Instead, employers would report the wages of domestic employees only once each year, when they file

their personal income tax returns. Use of the 1040 for this purpose should improve public awareness of the rules in this area, increase the number of employers who comply with these requirements, and provide increased Social Security coverage for domestic workers. Currently, the Internal Revenue Service estimates that only 25 percent of the employers who are required to do so actually report the wages they have paid to their domestic employees.

Finally, this legislation would relieve employers entirely of the responsibility of reporting wages paid to teenagers under age 18 for any domestic services they perform, such as babysitting and lawn care.

Mr. President, it is important that those workers who perform domestic services get the Social Security coverage they deserve. It is also important that we make employers aware of their legal obligations in this regard. For the information for Senators, the Finance Committee will be holding hearings on this issue in the near future.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1231

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Social Security Domestic Employment Reform Act of 1993".

SEC. 2. SIMPLIFICATION OF EMPLOYMENT TAXES ON DOMESTIC SERVICES.

(a) THRESHOLD REQUIREMENT FOR SOCIAL SECURITY TAXES.—

(1) AMENDMENTS OF INTERNAL REVENUE CODE.—

(A) GENERAL RULE.—Subparagraph (B) of section 3121(a)(7) of the Internal Revenue Code of 1986 (defining wages) is amended to read as follows:

"(B) cash remuneration paid by an employer in any calendar year to an employee for domestic service in a private home of the employer (other than service described in subsection (g)(5)), if the cash remuneration paid in such year by the employer to the employee for such service is less than the applicable dollar threshold (as defined in subsection (y)) for such year;".

(B) APPLICABLE DOLLAR THRESHOLD.—Section 3121 of such Code is amended by adding at the end thereof the following new subsection:

"(y) APPLICABLE DOLLAR THRESHOLD.—For purposes of subsection (a)(7)(B), the term 'applicable dollar threshold' means the amount required for a quarter of coverage as determined under section 213(d)(2) of the Social Security Act for calendar year 1994. In the case of calendar years after 1994, the Secretary of Health and Human Services shall adjust such amount at the same time and in the same manner as the amount under section 213(d)(2) of the Social Security Act, except that such adjustment shall not take effect in any year in which the otherwise adjusted amount does not exceed the amount in effect under this subsection for the preceding calendar year by at least $50."

(C) EMPLOYMENT OF DOMESTIC EMPLOYEES UNDER AGE 18 EXCLUDED FROM COVERAGE.—Section 3121(b) of such Code (defining employment) is amended—

(i) by striking "or" at the end of paragraph (19),

(ii) by striking the period at the end of paragraph (20) and inserting "; or", and

(iii) by adding at the end the following new paragraph:

"(21) domestic service in a private home of the employer performed in any year by an individual under the age of 18 during any portion of such year."

(D) CONFORMING AMENDMENTS.—The second sentence of section 3102(a) of such Code is amended—

(i) by striking "calendar quarter" each place it appears and inserting "calendar year", and

(ii) by striking "$50" and inserting "the applicable dollar threshold (as defined in section 3121(y)) for such year".

(2) AMENDMENT OF SOCIAL SECURITY ACT.—

(A) GENERAL RULE.—Subparagraph (B) of section 209(a)(6) of the Social Security Act (42 U.S.C. 409(a)(6)(B)) is amended to read as follows:

"(B) Cash remuneration paid by an employer in any calendar year to an employee for domestic service in a private home of the employer (other than service described in section 210(f)((5)), if the cash remuneration paid in such year by the employer to the employee for such service is less than the applicable dollar threshold (as defined in section 3121(y) of the Internal Revenue Code of 1986) for such year;".

(B) EMPLOYMENT OF DOMESTIC EMPLOYEES UNDER AGE 18 EXCLUDED FROM COVERAGE.—Section 210(a) of such Act (42 U.S.C. 410(a)) is amended—

(i) by striking "or" at the end of paragraph (19),

(ii) by striking the period at the end of paragraph (20) and inserting "; or", and

(iii) by adding at the end the following new paragraph:

"(21) domestic service in a private home of the employer performed in any year by an individual under the age of 18 during any portion of such year."

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to remuneration paid in calendar years beginning after December 31, 1993.

(b) COORDINATION OF COLLECTION OF DOMESTIC SERVICE EMPLOYMENT WITH COLLECTION OF INCOME TAXES.—

(1) IN GENERAL.—Chapter 25 of the Internal Revenue Code of 1986 (relating to general provisions relating to employment taxes) is amended by adding at the end thereof the following new section:

"SEC. 3510. COORDINATION OF COLLECTION OF DOMESTIC SERVICE EMPLOYMENT TAXES WITH COLLECTION OF INCOME TAXES.

"(a) GENERAL RULE.—Except as otherwise provided in this section—

"(1) returns with respect to domestic service employment taxes shall be made on a calendar year basis,

"(2) any such return for any calendar year shall be filed on or before the 15th day of the 4th month following the close of the employer's taxable year which begins in such calendar year, and

"(3) no requirement to make deposits (or to pay installments under section 6157) shall apply with respect to such taxes.

"(b) DOMESTIC SERVICE EMPLOYMENT TAXES SUBJECT TO ESTIMATED TAX PROVISIONS.—

"(1) IN GENERAL.—Solely for purposes of section 6654, domestic service employment taxes imposed with respect to any calendar year shall be treated as a tax imposed by chapter 2 for the taxable year of the employer which begins in such calendar year.

"(2) SPECIAL RULE WHERE TAXES ARE PAID ON OR BEFORE APRIL 15.—If, on or before the date described in subsection (a)(2) or, if earlier, the date the return is filed, the employer pays in full the domestic service employment taxes computed on such return as payable for any calendar year, then no addition to tax shall be imposed under section 6654(a) with respect to any underpayment of any required installment of such taxes for the taxable year beginning in such calendar year.

"(3) ANNUALIZATION.—Under regulations prescribed by the Secretary, appropriate adjustments shall be made in the application of section 6654(d)(2) in respect of the amount treated as tax under paragraph (1).

"(4) TRANSITIONAL RULE.—For purposes of applying section 6654 to a taxable year beginning in 1994, the amount referred to in clause (ii) of section 6654(d)(1)(B) shall be increased by 90 percent of the amount treated as tax under paragraph (1) for such preceding taxable year.

"(c) DOMESTIC SERVICE EMPLOYMENT TAXES.—For purposes of this section, the term 'domestic service employment taxes' means—

"(1) any taxes imposed by chapter 21 or 23 on remuneration paid for domestic service in a private home of the employer, and

"(2) any amount withheld from such remuneration pursuant to an agreement under section 3402(p).

For purposes of this subsection, the term 'domestic service in a private home of the employer' does not include service described in section 3121(g)(5).

"(d) EXCEPTION WHERE EMPLOYER LIABLE FOR OTHER EMPLOYMENT TAXES.—To the extent provided in regulations prescribed by the Secretary, this section shall not apply to any employer for any calendar year if such employer is liable for any tax under this subtitle with respect to remuneration for services other than domestic service in a private home of the employer.

"(e) GENERAL REGULATORY AUTHORITY.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section. Such regulations may treat domestic service employment taxes as taxes imposed by chapter 1 for purposes of coordinating the assessment and collection of such employment taxes with the assessment and collection of domestic employers' income taxes.

"(f) AUTHORITY TO ENTER INTO AGREEMENTS TO COLLECT STATE UNEMPLOYMENT TAXES.—

"(1) IN GENERAL.—The Secretary is hereby authorized to enter into an agreement with any State to collect, as the agent of such State, such State's unemployment taxes imposed on remuneration paid for domestic service in a private home of the employer. Any taxes to be collected by the Secretary pursuant to such an agreement shall be treated as domestic service employment taxes for purposes of this section.

"(2) TRANSFERS TO STATE ACCOUNT.—Any amount collected under an agreement referred to in paragraph (1) shall be transferred by the Secretary to the account of the State in the Unemployment Trust Fund.

"(3) SUBTITLE F MADE APPLICABLE.—For purposes of subtitle F, any amount required to be collected under an agreement under paragraph (1) shall be treated as a tax imposed by chapter 23.

"(4) STATE.—For purposes of this subsection, the term 'State' has the meaning given such term by section 3306(j)(1)."

(2) CLERICAL AMENDMENT.—The table of sections for chapter 25 of such Code is amended by adding at the end thereof the following:

"Sec. 3510. Coordination of collection of domestic service employment taxes with collection of income taxes."

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to remuneration paid in calendar years beginning after December 31, 1993.

(4) EXPANDED INFORMATION TO EMPLOYERS.—The Secretary of the Treasury or his delegate shall prepare and make available information on the Federal tax obligations of employers with respect to employees performing domestic service in a private home of the employer. Such information shall also include a statement that such employers may have obligations with respect to such employees under State laws relating to unemployment insurance and workers compensation.

By Mr. BIDEN (for himself, Mr. PELL, Mr. BOREN, and Mr. SIMON):

S.J. Res. 112. A joint resolution entitled the "Collective Security Participation Resolution"; to the Committee on Foreign Relations.

THE COLLECTIVE SECURITY PARTICIPATION JOINT RESOLUTION

• Mr. BIDEN. Mr. President, today I am introducing, along with Senators PELL, BOREN, and SIMON, the Collective Security Participation Resolution, a measure designed to encourage the activation of collective security mechanisms embodied in the U.N. Charter. My friend and colleague, Representative TORRICELLI, has introduced an identical resolution in the other body.

One remarkable development of recent years—a true precursor of the new world order—is the United Nations' active and competent role in fostering the settlement of conflicts in Namibia, Western Sahara, El Salvador, and Cambodia.

This momentum in collective action must be sustained, and its purpose widened to include combat interventions where principle and justice warrant.

In calling for American leadership to strengthen the institutions of collective security, I am compelled to pause—to lament that Congress, due to its own shortsightedness and a lack of leadership from previous administrations, has failed to provide the fairly assessed U.S. contribution to existing U.N. peacekeeping activities, on which we stand in arrears even as we continue to allocate hundreds of billions of dollars for national defense. No behavior could be more foolish—or cost-ineffective—than to shortchange the United Nations just as it has begun to fulfill a peacekeeping role long envisioned but, through most of its existence, seldom possible.

Rather than lagging behind, we should be taking the lead, in the upgrade of the U.N. Security Council's available military powers. As well as blue helmets to preside over ceasefires, actual combat units should be at the Security Council's disposal, and not merely on an ad hoc basis where the process of assembling a consensus, followed by troop commitments, may be too slow to meet urgent need.

It is, I believe, well understood that the collective military assault mounted against Iraq in the gulf war was not conducted by a U.N. force per se. Rather, the United Nations acted under article 42 to sanction the use of "operations by air, sea, or land forces of Members of the United Nations." In effect, the United States gathered and then led a coalition—with U.N. approval.

The coalition-building process that proved successful in the gulf war does not constitute an adequate paradigm for all interventions the United Nations may deem necessary. Future crises may require greater speed, and we should strive to create circumstances that do not impose upon the United States the onus either to act unilaterally or to galvanize a U.N. action in which we supply the preponderance of military power.

It was precisely this preference that Pentagon planners exhibited in the strategy document last year that envisaged, with some relish, the exercise of worldwide American military hegemony in the post-cold-war era. Once leaked, this concept, which I dubbed "America as Globo-cop," was repudiated by the Bush administration as an embarrassment. But in truth, the unilateralist mind-set continues to blind many in Washington to our new and expansive opportunity to involve other nations more fully and systematically in international security.

To realize the full potential of collective security, we must divest ourselves of the vainglorious dream of a Pax Americana and look instead for a means to regularize swift, multinational decision and response.

The mechanism to achieve this lies—unused—in article 43 of the UN Charter, which provides that "all members undertake to make available to the Security Council, on its call and in accordance with a special agreement or agreements, armed forces * * * necessary for the purpose of maintaining international peace and security."

Article 43 provides that "the agreement of agreements shall be negotiated as soon as possible." But for 48 years that condition has not been met: The cold war polarization that beset the United Nations made it impossible for such force commitments to be negotiated. The agreements envisaged by the U.N. founders—under which nations would designate specific units to be available to the Security Council—have never been made. Article 43, at present, is a promise unfulfilled.

The time has come: The United States, in conjunction with other key nations, should now designate forces under article 43 of the U.N. Charter.

Let it be underscored, for all who would quaver at this proposal, that such action does not require a leap of faith: It does not mean the entrusting of American security—or the entrusting of American troops—to a collective body or questionable reliability. The assignment of United States and other forces to the United Nations means only that specifically designated troop units are committed, first, to participate in advance planning for coordinated use, and second, to be available for action pursuant to a U.N. Security Council decision to which the United States itself must be a party.

If deployed under U.N. auspices, a designated American unit or units, a force that might number some 3,000–8,000 troops, would be used only in conjunction with other forces and for a purpose agreed to by the United States as a leading member of the Security Council.

The essence of such an arrangement is not to increase the probability of American casualties in combat. On the contrary, our purpose in proceeding under article 43 is to build multilateral institutions in which collective force can be reliably used without constant dependence on American Armed Forces. Article 43 provides the opportunity to resolve our current dilemma: in which force is not likely to be used, even when needed, unless American troops are deployed unilaterally or to carry the main load in a multinational force.

The United States would designate forces under an article 43 agreement only if it entailed similar and substantial commitments by other powers. Thus, by designating a relatively small contingent of American forces, we would draw other nations into obligations of military responsibility.

In sum, the assignment to the U.N. Security Council of American and other military units would enhance one valuable instrument of American foreign policy—that is, participation in collective military action—without increasing the overall risk to American forces and without the slightest detriment to our ability to act alone if necessary.

Stated conversely, if we do not move to realize the potential of collective action under article 43, we consign ourselves to future dependency on the kind of ad hoc, American-led response that characterized the gulf war. That model may be attractive to some, in that it gives us primacy of place. But in my view, it is unfair, unnecessary, and unwise.

Article 43 represents a means by which the United States can enhance the efficacy of collective security while reducing the likelihood that future crises will compel the men and women of

the American Armed Forces to bear a disproportionate burden in collective security.

To encourage negotiation of article 43 commitments by the United States and other powers, I today introduce the Collective Security Participation Resolution. This joint resolution would affirm congressional support for the consummation of an article 43 agreement; and it would reaffirm the intent of Congress expressed in the United Nations Participation Act of 1945, in three important respects:

First, an article 43 agreement "shall be subject to the approval of the Congress by appropriate Act or joint resolution."

Second, "the President shall not be deemed to require [further] authorization of the Congress to make available to the Security Counsel on its call" the military units designated in the agreement.

Third, this authorization may not be construed as authorization to use forces "in addition" to those forces designated.

Clearly, the enactment of this measure would be only a first step. But it is intended, and I believe it could serve, to create momentum.

What the Collective Security Participation Resolution would signify is congressional acceptance, in advance of any article 43 negotiation, of the premise of article 43: that the major powers should be positioned to act, without further delay, once the U.N. Security Council has achieved a consensus to use predesignated forces.

As a dedicated defender of the war power as a shared constitutional power, I stress that this arrangement, if achieved, would not represent an abdication by Congress of its responsibilities. Rather, it would be a judicious congressional exercise of the war power: the delineation by statute of conditions under which the President has limited authority to use force.

At some point, it will be wise to incorporate any such authority into a full rewrite of the War Powers Resolution. But that effort, if it is to produce a satisfactory outcome, must succeed on the basis of a Presidential signature on a new or revised law, rather than enactment over a veto.

My own concept of a sound revision of the War Powers Resolution—operationally and constitutionally sound—is presented in a Georgetown Law Journal issue of 1988, written shortly after I conducted exhaustive hearings as chairman of the Senate's Special Subcommittee on War Powers.

Enactment of the Collective Security Participation Resolution, while not necessary as a matter of legal technicality, would be valuable as a matter of political reality.

For four decades—beginning with the Korean war and extending through the Vietnam war to the gulf war—we have engaged in an agonizing constitutional struggle over the war power. Against that background of chronic dispute, in which I myself have been a dedicated participant, I believe it important that the Congress of today render a modern affirmation concerning the war power: by endorsing a principle of collective security—and the mechanism to carry it out—that the founders of the United Nations and the Congress of 1945 were prepared to affirm nearly half a century ago.

By doing so, we can encourage Presidential initiative within the United Nations and provide a solid footing for American leadership in strengthening the United Nations as an instrument of collective security.

To recapitulate: A future crisis could be of such magnitude as to require a major commitment of American forces, which in turn would require specific congressional authorization. In the absence of such authorization, the President would, under a congressionally approved article 43 agreement, be preauthorized to commit designated forces—but only designated U.S. forces, only in combination with the designated forces of other powers, and only pursuant to a Security Council decision to which the United States would be a party.

In strengthening the institutions of collective security, a well-negotiated article 43 agreement would help to move the world beyond the current expectation that effective military action will be taken only with American forces in the lead.

By enacting the Collective Security Participation Resolution, Congress would affirm its support for a sound article 43 agreement as integral to a serious American agenda for a new world order.

The potential value of enhanced institutional preparedness for collective military action is underscored by recent experience in Somalia and the former Yugoslavia. In Somalia, the world stood by and watched as a horrible famine—exacerbated by a breakdown of civil order—threatened to decimate the Somalia population. Although the U.N. Security Council had approved the use of force to protect international relief operations, the effort to assemble an effective force faltered until the United States, under the leadership of President Bush, made a substantial military commitment; thereafter, many other nations volunteered military contingents.

In the former Yugoslavia, a barbarism unexpected in modern Europe has unfolded in the face of outside disbelief and a growing recognition of the world's unreadiness, even after the gulf war, to act decisively with collective military force.

Despite a common horror at the wanton brutalities being inflicted by Serbian forces, the West has failed to adequately confront Serbian aggression. But this failure of political will has also been hampered by the lack of readily available military forces. Even now, as the Security Council seeks to implement the meager palliative embodied in the safe-haven resolution, the West—specifically Britain and France—struggle to find the necessary armed forces to carry out the plan.

The question of intervention in Somalia and Yugoslavia instructs us: If our multinational bodies are to act when needed, we must first prepare them to act.

If we are to find any gain from these tragedies, it must be in the momentum it provides in moving us more swiftly down both paths of expanded commitment to collective military action—the formal adoption by NATO of a peacekeeping and intervention role, and a more formal commitment by key U.N. members to military action under the auspices of the U.N. Security Council.

Just as Neville Chamberlain's trip to Munich in 1938 stands as a permanent warning of the futility of appeasement, the unabated slaughter in Bosnia offers a new lesson: If we do not prepare for collective action, the end of the cold war could usher in not a new world order but an era of endless interethnic bloodletting.

American leadership to achieve this expanded commitment to collective security will serve, together with a new strategy of worldwide weapons containment, to complete the military dimension of the new world order agenda I outlined in three addresses to the Senate last year.

In closing, I note that this resolution has already been the subject of consideration by the Senate Foreign Relations Committee. Last September, a panel of experts on collective security and international law—including the current Director of Central Intelligence—gave their support for the activation of article 43 in a hearing before the full committee. Subsequently, the committee approved the resolution—without dissent—on a voice vote. I am hopeful that this year will again be favorably considered by the committee, and ultimately, the full Senate; I urge my colleagues to support it.

I ask unanimous consent that the text of the joint resolution be printed at this point in the RECORD.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 112

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 1. TITLE.

This Resolution may be cited as the "Collective Security Participation Resolution".

SEC. 2. FINDINGS.

Congress finds as follows:

(1) the global framework embodied in the United Nations Charter for maintaining

international peace and security, forged with American leadership at the end of World War II, for four decades largely failed to provide security guarantees promised by the Charter;

(2) the end of the Cold War has opened unprecedented opportunity for multilateral cooperation, under United Nations auspices, to maintain and, where necessary, restore the peace through collective military and other actions;

(3) collective military action in response to Iraq's invasion of Kuwait was taken under Article 42 of the United Nations Charter, under which the Security Council may undertake "operations by air, sea, or land forces of Members of the United Nations";

(4) with the authorization of the Security Council under Chapter VII of the Charter, and pursuant to authorization by the Congress, the United States undertook military actions in Kuwait and Iraq as leader of a multinational coalition with United Nations sanction;

(5) despite Security Council approval of an armed mission to Somalia to protect international relief operations from attack, efforts to assemble an effective force faltered until the United States offered to make a substantial military commitment there under United Nations auspices, after which a considerable number of other nations volunteered small military contingents;

(6) the Charter contemplates that the Security Council might take action to maintain or restore international peace and security with forces made available to the Council pursuant to Article 43, which provides that "all members undertake to make available to the Security Council, on its call and in accordance with a special agreement or agreements, armed forces, assistance, and facilities, including rights of passage necessary for the purpose of maintaining international peace and security";

(7) although Article 43 provides that "the agreement or agreements shall be negotiated as soon as possible," no agreement under Article 43 has ever been reached during the U.N.'s 48-year history;

(8) from the American perspective, the formal designation of forces from various nations under Article 43 offers the opportunity to involve other nations more promptly and reliably in future collective security actions, and could thereby strengthen the institutions of collective security while spreading the burden of collective security more equitably;

(9) U.S. leadership in achieving special agreements among members of the United Nations under Article 43 would therefore serve the interests of the United States and of all U.N. members;

(10) The United Nations Participation Act of 1945 (22 U.S.C. 287d) provides that:

(A) the President is authorized to negotiate an agreement with the Security Council "providing for the numbers and types of armed forces, their degree of readiness and general locations, and the nature of facilities and assistance, including rights of passage, to be made available to the Security Council on its call for the purpose of maintaining international peace and security in accordance with Article 43 of the charter";

(B) any such agreement "shall be subject to the approval of the Congress by appropriate Act or joint resolution";

(C) "the President shall not be deemed to require the authorization of the Congress to make available to the Security Council on its call . . . pursuant to such special agreement or agreements the Armed Forces, facilities, or assistance provided for therein";

(D) this authorization shall not be "construed as an authorization to the President by the Congress to make available to the Security Council for such purpose armed forces, facilities, or assistance in addition to the forces, facilities, and assistance provided for in such special agreement or agreements;

SECTION 3. AGREEMENT AND ACTION UNDER ARTICLE 43 OF THE UNITED NATIONS CHARTER.

(a) OBLIGATIONS UNDER ARTICLE 43 OF THE U.N. CHARTER.—Congress finds that members of the United Nations are obligated under the Charter to act "as soon as possible on the initiative of the Security Council" to negotiate a "special agreement or agreements" under Article 43 to make available to the Security Council forces and facilities necessary "for the purpose of maintaining international peace and security."

(b) NEGOTIATION OF AGREEMENT.—Congress urges the President to initiate discussions among members of the Security Council, the General Assembly, and the Military Staff Committee leading to negotiations, under Article 43 of the United Nations Charter, of "a special agreement or agreements" with equitable terms under which designated forces from various countries, including the United States, would be available to the Security Council.

(c) UNITED STATES SITE FOR INTERNATIONAL FORCES TRAINING.—Congress affirms its support of the commitment made to the United Nations General Assembly by President George Bush to make bases and facilities available to the Security Council for multinational training of forces under the United Nations.

(d) CONGRESSIONAL ROLE.—Congress:

(1) urges the President to consult with the Committee on Foreign Affairs and the Committee on Armed Services of the House of Representatives and the Committee on Foreign Relations and the Committee on Armed Forces of the Senate in the course of negotiating an Article 43 agreement;

(2) expresses its intent to give prompt consideration to any such agreement negotiated under Article 43 of the charter.

(e) PRESIDENTIAL AUTHORITY PURSUANT TO CONGRESSIONAL APPROVAL OF AN ARTICLE 43 AGREEMENT.—Congress reaffirms its commitment to the principle, embodied in the United Nations Participation Act of 1945, that congressional approval of a United States agreement under Article 43 of the charter shall have the effect of providing the President with full authority to direct that the United States Armed Forces designated in such agreement be employed as may be necessary to support decisions of the United Nations Security Council.●

ADDITIONAL COSPONSORS

S. 27

At the request of Mr. SARBANES, the name of the Senator from Georgia [Mr. NUNN] was added as a cosponsor of S. 27, a bill to authorize the Alpha Phi Alpha Fraternity to establish a memorial to Martin Luther King, Jr., in the District of Columbia.

S. 70

At the request of Mr. COCHRAN, the name of the Senator from Louisiana [Mr. JOHNSTON] was added as a cosponsor of S. 70, a bill to reauthorize the National Writing Project, and for other purposes.

S. 91

At the request of Mr. THURMOND, the name of the Senator from Minnesota [Mr. DURENBERGER] was added as a cosponsor of S. 91, a bill to authorize the conveyance to the Columbia Hospital for Women of certain parcels of land in the District of Columbia, and for other purposes.

S. 466

At the request of Mr. DASCHLE, the names of the Senator from Hawaii [Mr. AKAKA] and the Senator from Illinois [Mr. SIMON] were added as cosponsors of S. 466, a bill to amend title XIX of the Social Security Act to provide for medicaid coverage of all certified nurse practitioners and clinical nurse specialists services.

S. 469

At the request of Mr. WARNER, the names of the Senator from Tennessee [Mr. SASSER], the Senator from Illinois [Mr. SIMON], the Senator from Wyoming [Mr. SIMPSON], the Senator from Rhode Island [Mr. CHAFEE], the Senator from Hawaii [Mr. INOUYE], the Senator from Utah [Mr. HATCH], the Senator from Vermont [Mr. JEFFORDS], and the Senator from North Carolina [Mr. HELMS] were added as cosponsors of S. 469, a bill to require the Secretary of the Treasury to mint coins in commemoration of the Vietnam Women's Memorial.

S. 484

At the request of Mr. DASCHLE, the name of the Senator from Montana [Mr. BURNS] was added as a cosponsor of S. 484, a bill to amend title XIX of the Social Security Act to provide for coverage of alcoholism and drug dependency residential treatment services for pregnant women and certain family members under the medicaid program, and for other purposes.

S. 540

At the request of Mr. MCCAIN, his name was withdrawn as a cosponsor of S. 540, a bill to improve the administration of the bankruptcy system, address certain commercial issues and consumer issues in bankruptcy, and establish a commission to study and make recommendations on problems with the bankruptcy system, and for other purposes.

S. 549

At the request of Mr. DOMENICI, the name of the Senator from Wisconsin [Mr. KOHL] was added as a cosponsor of S. 549, a bill to provide for the minting and circulation of one-dollar coins.

S. 575

At the request of Mr. KENNEDY, the names of the Senator from Illinois [Mr. SIMON], and the Senator from Rhode Island [Mr. PELL] were added as cosponsors of S. 575, a bill to amend the Occupational Safety and Health Act of 1970 to improve the provisions of such Act with respect to the health and safety of employees, and for other purposes.

S. 578

At the request of Mr. KENNEDY, the name of the Senator from West Virginia [Mr. ROCKEFELLER] was added as a cosponsor of S. 578, A bill to protect the free exercise of religion.

S. 579

At the request of Mr. SMITH, the name of the Senator from Minnesota [Mr. DURENBERGER] was added as a cosponsor of S. 579, a bill to require Congress to comply with the laws it imposes on others.

S. 724

At the request of Mr. LAUTENBERG, the name of the Senator from New Jersey [Mr. BRADLEY] was added as a cosponsor of S. 724, a bill to extend the temporary suspension of duty on 2,3,6-Trimethylphenol (TMP).

S. 994

At the request of Mr. PRYOR, the name of the Senator from North Carolina [Mr. HELMS] was added as a cosponsor of S. 994, a bill to authorize the establishment of a fresh cut flowers and fresh cut greens promotion and consumer information program for the benefit of the floricultural industry and other persons, and for other purposes.

S. 1063

At the request of Mr. HATCH, the names of the Senator from Louisiana [Mr. JOHNSTON] and the Senator from South Carolina [Mr. HOLLINGS] were added as cosponsors of S. 1063, a bill to amend the Employee Retirement Income Security Act of 1974 to clarify the treatment of a qualified football coaches plan.

S. 1093

At the request of Mr. DURENBERGER, the name of the Senator from Utah [Mr. HATCH] was added as a cosponsor of S. 1093, a bill to amend the Internal Revenue Code of 1986 to repeal the special rule for treatment of foreign trade income of an FSC attributable to military property.

S. 1111

At the request of Mr. KERREY, the names of the Senator from Hawaii [Mr. INOUYE] and the Senator from Colorado [Mr. CAMPBELL] were added as cosponsors of S. 1111, a bill to authorize the minting of coins to commemorate the Vietnam Veterans' Memorial in Washington, D.C.

S. 1118

At the request of Mr. HATFIELD, the names of the Senator from North Dakota [Mr. CONRAD], the Senator from Hawaii [Mr. AKAKA], and the Senator from Maine [Mr. COHEN] were added as cosponsors of S. 1118, a bill to establish an additional National Education Goal relating to parental participation in both the formal and informal education of their children, and for other purposes.

S. 1145

At the request of Mr. JEFFORDS, the name of the Senator from North Dakota [Mr. CONRAD] was added as a cosponsor of S. 1145, a bill to prohibit the use of outer space for advertising purposes.

S. 1151

At the request of Mr. DOLE, the names of the Senator from Mississippi [Mr. LOTT] and the Senator from Utah [Mr. BENNETT] were added as cosponsors of S. 1151, a bill to facilitate the flow of credit to small business by easing certain regulatory burdens on depository institutions, to require analysis of such burdens and their effectiveness, and for other purposes.

S. 1172

At the request of Mr. MCCAIN, the name of the Senator from Texas [Mrs. HUTCHISON] was added as a cosponsor of S. 1172, a bill to amend the National Defense Authorization Act for Fiscal Year 1993, to impose sanctions on certain transfers of equipment and technology used in the manufacture or delivery of weapons of mass destruction and to impose additional sanctions for violations of that Act.

SENATE JOINT RESOLUTION 59

At the request of Mr. WELLSTONE, the name of the Senator from Ohio [Mr. GLENN] was added as a cosponsor of Senate Joint Resolution 59, a joint resolution to express the sense of Congress that the Federal Energy Regulatory Commission should refrain from further processing of restructuring proceedings pursuant to Order No. 636 until 60 days after the submission to Congress of the study of the General Accounting Office of the economic impact of the order on residential, commercial, and other end-users of natural gas, and for other purposes.

SENATE JOINT RESOLUTION 77

At the request of Mr. HATCH, the name of the Senator from Kansas [Mr. DOLE] was added as a cosponsor of Senate Joint Resolution 77, a joint resolution to designate the week of April 18, 1993, through April 24, 1993, as "International Student Awareness Week."

SENATE JOINT RESOLUTION 92

At the request of Mr. MOYNIHAN, the names of the Senator from Missouri [Mr. DANFORTH], the Senator from Texas [Mr. GRAMM], the Senator from North Carolina [Mr. HELMS], and the Senator from Kansas [Mrs. KASSEBAUM] were added as cosponsors of Senate Joint Resolution 92, a joint resolution to designate both the month of October 1993 and the month of October 1994 as "National Down Syndrome Awareness Month."

SENATE JOINT RESOLUTION 94

At the request of Mr. DOLE, the names of the Senator from Indiana [Mr. COATS], the Senator from Connecticut [Mr. DODD], the Senator from Louisiana [Mr. JOHNSTON], the Senator from Illinois [Ms. MOSELEY-BRAUN], the Senator from South Dakota [Mr. PRESSLER], and the Senator from Tennessee [Mr. SASSER] were added as cosponsors of Senate Joint Resolution 94, a joint resolution to designate the week of October 3, 1993, through October 9, 1993, as "National Customer Service Week."

SENATE JOINT RESOLUTION 95

At the request of Mr. PELL, the names of the Senator from South Dakota [Mr. DASCHLE], the Senator from Kansas [Mrs. KASSEBAUM], the Senator from Michigan [Mr. LEVIN], the Senator from Massachusetts [Mr. KERRY], the Senator from Illinois [Ms. MOSELEY-BRAUN], the Senator from New York [Mr. D'AMATO], and the Senator from Rhode Island [Mr. CHAFEE] were added as cosponsors of Senate Joint Resolution 95, a joint resolution to designate October 1993 as "National Breast Cancer Awareness Month."

SENATE JOINT RESOLUTION 99

At the request of Mr. DECONCINI, the names of the Senator from Georgia [Mr. NUNN], the Senator from Wyoming [Mr. SIMPSON], and the Senator from Missouri [Mr. BOND] were added as cosponsors of Senate Joint Resolution 99, a joint resolution designating September 9, 1993, and April 21, 1994, each as "National D.A.R.E. Day."

SENATE JOINT RESOLUTION 111

At the request of Mr. DECONCINI, the names of the Senator from Montana [Mr. BAUCUS], the Senator from Hawaii [Mr. AKAKA], the Senator from Maine [Mr. COHEN], the Senator from Wyoming [Mr. WALLOP], the Senator from Wisconsin [Mr. KOHL], the Senator from Virginia [Mr. WARNER], the Senator from Colorado [Mr. BROWN], the Senator from Pennsylvania [Mr. SPECTER], and the Senator from Utah [Mr. HATCH] were added as cosponsors of Senate Joint Resolution 111, a joint resolution to designate August 1, 1993, as "Helsinki Human Rights Day."

AMENDMENTS SUBMITTED

HATCH ACT REFORM ACT

ROTH AMENDMENT NOS. 564–566

Mr. ROTH proposed three amendments to the bill (S. 185) to amend title 5, United States Code, to restore Federal civilian employees their right to participate voluntarily, as private citizens, in the political processes of the Nation, to protect such employees from improper political solicitations, and for other purposes, as follows:

AMENDMENT NO. 564

On page 14, line 10, strike out "or".

On page 14, line 12, add "or" after the semicolon.

On page 14, insert between lines 12 and 13 the following new subparagraph:

"(C) the government of the District of Columbia, other than the Mayor or a member of the City Council or the Recorder of Deeds;

On page 23, strike out lines 17 through 19.

On page 23, line 20, strike out "(b)".

AMENDMENT NO. 565

On page 35, add after line 12 the following new section:

SEC. 11. SENSE OF THE SENATE RELATING TO FEDERAL EMPLOYEE SOLICITATION OF FUNDS AND CANDIDACIES.

It is the sense of the Senate that Federal employees should not be authorized to—

(1) solicit political contributions from the general public; or

(2) run for the nomination or as a candidate for a local partisan political office, except as expressly provided under current law.

AMENDMENT NO. 566

On page 34, strike out line 19, and insert in lieu thereof the following:

SEC. 10. EMPLOYEE REFERENDUM ON APPLICABLE LAW.

(a) Notwithstanding any other provision of this Act, the provisions of this section shall apply.

(b) No later than 120 days after the date of the enactment of this Act, the President, or his designee, shall conduct—

(1) a referendum of all employees of the executive branch on whether such employees shall be governed by—

(A) the provisions of subchapter III of chapter 73 of title 5, United States Code, as in effect before the effective date of this Act; or

(B) the provisions of subchapter III of chapter 73 of title 5, United States Code, as amended by section 2(a) of this Act; and

(2) a referendum of all employees of the Postal Service of whether such employees shall be governed by—

(A) the provisions of subchapter III of chapter 73 of title 5, United States Code, as in effect before the effective date of this Act; or

(B) the provisions of subchapter III of chapter 73 of title 5, United States Code, as amended by section 2(a) of this Act.

(c) No later than 120 days after the date of the enactment of this Act, the President shall submit a written certification of the results of such referendum to the Congress.

(d) The provisions of law selected under each referendum conducted under subsection (b) shall be the applicable law for employees of the executive branch and employees of the Postal Service, respectively, for the 10-year period beginning on the date on which the President submits a certification under subsection (c).

(e) Before the end of the 10-year period referred to under subsection (d) and again for each 10-year period thereafter, the President shall conduct a referendum as provided under subsection (a) and certify the results of such referendum under subsection (c), and such selected provisions of law shall apply for the respective 10-year period.

(f) The President, or his designee, shall promulgate regulations—

(1) governing procedures and other matters for the conduct of any referendum under this section;

(2) providing that a majority of those employees voting in such a referendum shall determine which provisions of law shall apply; and

(3) informing and educating employees of the standards for political activities that apply to their department or agency (including the Postal Service).

(g) If in any referendum conducted under this section, the employees select the provisions of subchapter III of chapter 73 of title 5, United States Code, in effect before the effective date of this Act to apply, such provisions shall apply with the same force and effect of law as though the amendments in this Act had never been enacted.

(h) Notwithstanding section 11(a), the provisions of this section shall take effect on the date of enactment of this Act.

SEC. 11. EFFECTIVE DATE.

McCAIN AMENDMENT NO. 567

Mr. McCAIN proposed an amendment to the bill (S. 185), supra, as follows:

On page 14, strike lines 13 and 14 and insert in lieu thereof:

"or

(D) any member of the uniformed services, including any National Guard or reserve personnel;"

PRYOR (AND CRAIG) AMENDMENT NO. 568

Mr. PRYOR (for himself and Mr. CRAIG) proposed an amendment to the bill (S. 185) supra, as follows:

On page 29, beginning with line 9, strike out all through "2101(3)" on line 10.

On page 33, strike out lines 11 through 20 and insert in lieu thereof the following:

"(A) by the President or his designee for each executive agency, except with regard to employees of the United States Postal Service, the President or, at his discretion, the Postmaster General shall promulgate such regulations;

On page 34, line 7, strike out the quotation marks and the second period.

On page 34, insert between lines 7 and 8 the following new subsection:

"(k)(1) No later than 180 days after the date of the enactment of this Act, the Secretaries of the Executive departments concerned shall promulgate regulations to carry out the purposes of this section with regard to members of the uniformed services.

"(2) Such regulations shall include provisions for—

"(A) the involuntary allotment of the pay of a member of the uniformed services for indebtedness owed a third party as determined by the final judgment of a court of competent jurisdiction, and as further determined by competent military or executive authority, as appropriate, to be in compliance with the procedural requirements of the Soldiers' and Sailors' Civil Relief Act of 1940 (50 App. U.S.C. 501 et seq.); and

"(B) consideration for the absence of a member of the uniformed service from an appearance in a judicial proceeding resulting from the exigencies of military duty.

"(3) The Secretaries of the Executive departments concerned shall promulgate regulations under this subsection that are, as far as practicable, uniform for all of the uniformed services. The Secretary of Defense shall consult with the Secretary of Transportation with regard to the promulgation of such regulations that might affect members of the Coast Guard when the Coast Guard is operating as a service in the Navy.".

DEPARTMENT OF VETERANS AFFAIRS PROJECTS AND LEASES ACT OF 1993

ROCKEFELLER AMENDMENT NO. 569

Mr. GLENN (for Mr. ROCKEFELLER) proposed an amendment to the bill (S. 1079) to authorize major medical facility projects and leases for the Department of Veterans Affairs, to revise and extend the authority of the Secretary of Veterans Affairs to enter into enhanced-use leases, to authorize the disposal of Pershing Hall, France, and for other purposes, as follows:

On page 4, between lines 3 and 4, insert the following:

SEC. 3. INCREASE IN AMOUNT OF MAJOR MEDICAL FACILITY PROJECT THRESHOLD.

Section 8104(a)(3)(A) of title 38, United States Code, is amended by striking out "$2,000,000" and inserting in lieu thereof "$3,000,000".

SEC. 4. FACILITY ACQUISITIONS SUBJECT TO HEALTH-CARE RESOURCE SHARING CONSIDERATIONS.

Section 8102(d) of title 38, United States Code, is amended—

(1) by inserting "(1)" after "(d)";

(2) in paragraph (1), as so designated, by striking out "for any project" and all that follows through "$2,000,000," and inserting in lieu thereof "for any major medical facility project (other than by an acquisition by exchange),"; and

(3) by adding at the end the following:

"(2) In this subsection, the term 'major medical facility project' has the meaning given such term in section 8104(a)(3)(A) of this title.".

SEC. 5. INCREASE IN THRESHOLD FOR REQUIREMENT RELATING TO EXPENDITURES FOR PARKING FACILITIES.

Section 8109(i)(2) of title 38, United States Code, is amended by striking out "$2,000,000" and inserting in lieu thereof "$3,000,000".

On page 4, line 4, strike out "3." and insert in lieu thereof "6.".

On page 4, line 6, strike out "(a) AUTHORITY FOR INCREASED TERM OF CERTAIN LEASES.—".

On page 4, strike out line 11 and all that follows through page 5, line 26.

NOTICE OF HEARINGS

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. LEAHY. Mr. President, I would like to announce that the Senate Committee on Agriculture, Nutrition, and Forestry will hold a hearing on the flood and disaster relief in the midwest. The hearing will be held on Friday, July 16, 1993, at 10 a.m. in SR-332.

For further information, please contact Pat Westhoff at 224-5207.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. GLENN. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be authorized to meet on July 14, 1993, at 1 p.m. on reauthorization of the Marine Mammal Protection Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FOREIGN RELATIONS

Mr. GLENN. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, July 14, 1993, at 10

a.m. to hold a hearing on ACDA authorization and consideration of ACDA's future status and responsibilities.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. GLENN. Mr. President, I ask unanimous consent that the Committee on Labor and Human Resources be authorized to meet for an executive session to consider the nominations of Sheldon Hackney to be chairman of the National Endowment for the Humanities, and Thomas Payzant to be Assistant Secretary for Elementary and Secondary Education at the Department of Education, during the session of the Senate on Wednesday, July 14, at 9:30 a.m. in SD-430.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. GLENN. Mr. President, I ask unanimous consent that the Committee on Labor and Human Resources be authorized to meet for a hearing on the Comprehensive Occupational Safety and Health Reform Act: "Making the Case for Reform," during the session of the Senate on Wednesday, July 14, 1993, at 10 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON CLEAN WATER FISHERIES AND WILDLIFE

Mr. GLENN. Mr. President, I ask unanimous consent that the Subcommittee on Clean Water, Fisheries and Wildlife, Committee on Environment and Public Works, be authorized to meet during the session of the Senate on Wednesday, July 14, beginning at 9:30 a.m., to conduct a hearing on reauthorization of the Clean Water Act, focusing on nonpoint source pollution.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON COALITION DEFENSE AND REINFORCING FORCES

Mr. GLENN. Mr. President, I ask unanimous consent that the Subcommittee on Coalition Defense and Reinforcing Forces of the Committee on Armed Services be authorized to meet on Wednesday, July 14, 1993, at 9:30 a.m., in open session, to receive testimony on international peacekeeping and peace enforcement.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON COMMUNICATIONS

Mr. GLENN. Mr. President, I ask unanimous consent that the Communications Subcommittee of the Committee on Commerce, Science, and Transportation be authorized to meet at 9:30 a.m. on July 14, 1993, on S. 1086, Telecommunications Infrastructure Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON FEDERAL SERVICES, POST OFFICE, AND CIVIL SERVICE

Mr. GLENN. Mr. President, I ask unanimous consent that the Subcommittee on Federal Services, Post Office, and Civil Service, Committee on Governmental Affairs, be authorized to meet during the session of the Senate on Wednesday, July 14, 1993, to hear different perspectives from Federal employees and others on the recurring problems with bureaucracy, rising costs, inflexibility, and overreliance on private contractors of the Federal Government.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON INTERNATIONAL ECONOMIC POLICY, TRADE, OCEANS AND ENVIRONMENT

Mr. GLENN. Mr. President, I ask unanimous consent that the Subcommittee on International Economic Policy, Trade, Oceans and Environment of the Committee on Foreign Relations, be authorized to meet during the session of the Senate on Wednesday, July 14, 1993, at 2 p.m. to hold a hearing on the fiscal year 1994 foreign assistance authorization: "Report of the Task Force To Reform A.I.D.-Development Assistance."

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON RURAL ECONOMY AND FAMILY FARMING

Mr. GLENN. Mr. President, I ask unanimous consent that the Small Business Subcommittee on Rural Economy and Family Farming be authorized to meet during the session of the Senate on Wednesday, July 14, 1993, at 9:30 a.m. The subcommittee will hold a hearing on alternative agriculture and rural economic development.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

BUDGET SCOREKEEPING REPORT

• Mr. SASSER. Mr. President, I hereby submit to the Senate the budget scorekeeping report prepared by the Congressional Budget Office under section 308(b) and in aid of section 311 of the Congressional Budget Act of 1974, as amended. This report meets the requirements for Senate scorekeeping of section 5 of Senate Congressional Resolution 32, the first concurrent resolution on the budget for 1986.

This report shows the effects of Congressional action on the budget through July 1, 1993. The estimates of budget authority, outlays, and revenues, which are consistent with the technical and economic assumptions of the concurrent resolution on the budget (H. Con. Res. 287), show that current level spending is below the budget resolution by $1.6 billion in budget authority and above by $0.7 billion in outlays. Current level is $0.5 billion above the revenue floor in 1993 and above by $1.4 billion over the 5 years, 1993-97. The current estimate of the deficit for purposes of calculating the maximum deficit amount is $392.4 billion, $28.4 billion below the maximum deficit amount for 1993 of $420.8 billion.

Since the last report, dated June 30, 1993, Congress approved and the President signed Public Law 103-50, the 1993 spring supplemental. These actions changed the current level of budget authority and outlays.

The report follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 13, 1993.

Hon. JIM SASSER,
Chairman, Committee on the Budget, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The attached report shows the effects of Congressional action on the budget for fiscal year 1993 and is current through July 1, 1993. The estimates of budget authority, outlays, and revenues are consistent with the technical and economic assumptions of the Concurrent Resolution on the Budget (H. Con. Res. 287). This report is submitted under Section 308(b) and in aid of Section 311 of the Congressional Budget Act, as amended, and meets the requirements for Senate scorekeeping of Section 5 of S. Con. Res. 32, the 1986 First Concurrent Resolution on the Budget.

Since my last report, dated June 29, 1993, Congress approved and the President signed P.L. 103-50, the 1983 Spring Supplemental. These actions changed the current level of budget authority and outlays.

Sincerely,

ROBERT D. REISCHAUER,
Director.

THE CURRENT LEVEL REPORT FOR THE U.S. SENATE, 103D CONG. 1ST SESS. AS OF CLOSE OF BUSINESS JULY 1, 1993

[in billions of dollars]

	Budget resolution (H. Con. Res. 287)	Current level [1]	Current level over/under resolution
On-budget:			
Budget authority	1,250.0	1,248.4	−1.6
Outlays	1,242.3	1,243.0	.7
Revenues:			
1993	848.9	849.4	.5
1993–97	4,818.6	4,820.0	1.4
Maximum deficit amount	420.8	392.4	−28.4
Debt subject to limit	4,461.2	4,239.9	−221.3
Off-budget:			
Social Security outlays:			
1993	260.0	260.0	.....
1993–97	1,415.0	1,415.0	.....
Social Security revenues:			
1993	328.1	328.1	(2)
1993–97	1,865.0	1,865.0	(2)

[1] Current level represents the estimated revenue and direct spending effects of all legislation that Congress has enacted or sent to the President for his approval. In addition, full-year funding estimates under current law are included for entitlement and mandatory programs requiring annual appropriations even if the appropriations have not been made. The current level of debt subject to limit reflects the latest U.S. Treasury information on public debt transactions.

[2] Less than $50,000,000.

Note.—Detail may not add due to rounding.

THE ON-BUDGET CURRENT LEVEL REPORT FOR THE U.S. SENATE, 103D CONG., 1ST SESS., SENATE SUPPORTING DETAIL FOR FISCAL YEAR 1993 AS OF CLOSE OF BUSINESS JULY 1, 1993

[In millions of dollars]

	Budget authority	Outlays	Revenues
ENACTED IN PREVIOUS SESSIONS			
Revenues	0	0	849,425
Permanents and other spending legislation	764,283	737,413	0
Appropriation legislation	732,061	743,943	0
Offsetting receipts	(240,524)	(240,524)	0

THE ON-BUDGET CURRENT LEVEL REPORT FOR THE U.S. SENATE, 103D CONG., 1ST SESS., SENATE SUPPORTING DETAIL FOR FISCAL YEAR 1993 AS OF CLOSE OF BUSINESS JULY 1, 1993—Continued

[In millions of dollars]

	Budget authority	Outlays	Revenues
Total previously enacted	1,255,820	1,240,833	849,425
ENACTED THIS SESSION			
CIA Voluntary Separation Incentive Act (Public Law 103–36)	1	1	0
Unclaimed Deposits Amendments Act (Public Law 103–44)	0	1	0
1993 spring supplemental (Public Law 103–50)	1,003	1,199	0
Total enacted this session	1,004	1,201	0
ENTITLEMENTS AND MANDATORIES			
Budget resolution baseline estimates of appropriated entitlements and other mandatory programs not yet enacted	(8,443)	922	0
Total current level [1]	1,248,381	1,242,955	849,425
Total budget resolution [2]	1,249,990	1,242,290	848,890
Amount remaining:			
Under budget resolution	1,609	0	0
Over budget resolution	0	665	535

[1] In accordance with the Budget Enforcement Act, budget authority and outlay totals do not include the following in emergency funding:

[In millions of dollars]

	Budget authority	Outlays
Public Law:		
102–229	0	712
102–266	0	33
102–302	0	380
102–368	960	5,873
102–381	218	13
103–6	3,322	3,322
103–24	4,000	4,000
Offsetting receipts	(4,000)	(4,000)
103–50	0	(30)
Total 1993 emergency funding	4,500	10,333

[2] Includes a revision under section 9 of the concurrent resolution on the budget.

Note.—Amounts in parentheses are negative. Detail may not add due to rounding.•

TRIBUTE TO WEST LIBERTY

Mr. MCCONNELL. Mr. President, I rise today to pay tribute to the town of West Liberty in Morgan County, KY.

The State of Kentucky is blessed with topographical, geological, and environmental diversity. Kentuckians live in a region that boasts the picturesque Appalachian Mountains in the east, rolling coal fields in the west, and beautiful bluegrass country in the central portion of the State. West Liberty enjoys what few other towns in Kentucky are able to enjoy by having a geographical vantage point in both the mountains and the bluegrass. Because Morgan County is home to a river valley in the foothills of eastern Kentucky, residents of West Liberty have the best of both worlds. Those who live in this area have the uncommon ability to seek out both urban and rural environments. West Liberty is only minutes from the Daniel Boone National Forest and a short drive from the city of Lexington.

West Liberty also boasts a thriving local economy. The town is home to the Eastern Kentucky Correctional Complex, an important economic asset that has an $8 million annual payroll. The prison, the largest correctional facility in the State, holds 1,500 inmates. In addition, the town has recently intensified its dedication to education by welcoming the Licking Valley Extended Campus of Morehead State University to West Liberty.

Clearly, West Liberty is a town with much to offer. Accordingly, I would like to recognize West Liberty as one of the finest communities in Kentucky.

Mr. President, I ask that a recent article from Louisville's Courier-Journal be printed in today's CONGRESSIONAL RECORD.

The article follows:

WEST LIBERTY

(By Gil Lawson)

Placing the Eastern Kentucky Correctional Complex in a place called West Liberty may seem like some bureaucrat's idea of a bad joke, but in this part of Eastern Kentucky most people don't seem to notice.

They're just happy to have the medium-security prison, the more than 400 jobs associated with it and the fact that to date, no inmate has been liberated prematurely.

The prison sits about a mile from town on top of an old strip-mine site. Signs caution motorists not to pick up hitchhikers, and guards in blue uniforms can be seem on their way to and from work. The prison has brought new people to this small town on the edge of the Appalachian Mountains.

"They fit right in to the community," said Lynn Nickell, a retired postal worker and local historian. "The change has been for the better—no doubt about it."

West Liberty actively recruited the prison, hiring a public relations firm to help lobby state officials.

"We felt like we had a fighting chance to get it," Morgan County Judge-Executive Sid Stewart said. "We weren't going to get an IBM or Ford plant. We just felt like it was an opportunity to give us stable jobs."

The modern-looking complex, which opened in 1990, was built to hold 1,100 prisoners, but it currently houses about 1,500 inmates.

The jobs have been a boost to West Liberty. A few years ago, when a shoe factory closed and several hundred jobs were lost "things looked pretty glum," said Earl Kinner Jr., editor of The Licking Valley Courier. The prison, along with another new factory in the area, has made people more optimistic about West Liberty's future.

Local officials say one of the reasons they got the prison was that there was near-unanimous support for the project. Morgan County has had its share of political fights, but Stewart said "political factions melt away when they identify something that's good for the county."

Prison officials are active in community groups and inmates help maintain roads and parks. Warden Michael O'Dea said he made a special effort to show residents the security measures before the $73 million prison opened.

"It's their prison, too," O'Dea said. "It's not just up there on the hill."

Although West Liberty sits in the hills, there is enough flat land in the area for tobacco and cattle farms. Morgan County was dubbed "the Bluegrass county of the mountains" in 1961 by Kinner's father, Earl Kinner Sr., the long-time publisher of The Licking Valley Courier. The elder Kinner wrote that Morgan County was unique because it was "neither in the Coal Fields of the mountains nor the Limestone of the Bluegrass—but halfway between, and possesses most of the best of both."

Residents seem to like being in the middle. Lexington is too big. More remote Eastern Kentucky counties have even more problems recruiting business.

"We're as close to Lexington as we need to be," said Stewart, a Knott County native who settled in West Liberty because he often passed through on his way to study at Morehead State University. "We don't want to be any closer to big cities than we are."

In 1987, Morehead State opened an extended campus in West Liberty because of the prison. Applicants for prison jobs had to have the equivalent of high school diploma. The Licking Valley Extended Campus, housed in an old bowling alley, offers adult-education and literacy classes, job training and education programs for inmates. In May, five inmates received degrees.

"People here are hungry for education," said Jonell Tobin, who runs the center.

Residents worry, however, that once high school graduates leave the county, they won't come back. John Motley, the president of the local chamber of commerce, is one of those who left for a job but was able to return to West Liberty to help oversee the construction of the prison. He was later hired as a deputy warden.

Motley noted that there are five engineering students at the University of Kentucky from Morgan County, "A lot of them would like to come back, but there's no jobs for them. We're losing the cream of the crop."

Motley hopes an industrial park planned by the city will attract some high-tech jobs that would allow more local students to stay home.

Morgan County has also benefited from an industrial park it shares with neighboring Wolfe and Magoffin counties. Whiting Manufacturing, a Cincinnati-based firm that makes materials for beds, opened a 100,000-square-foot factory there in 1990 and employs about 190 people.

West Liberty also draws thousands of people to town every September with its Sorghum Festival.

"We feature some of the best crafts in the mountains," said Kathleen Blair, who helped get the event started in 1971. "It was started because we liked the crafts."

The festival is held along Main Street, which has recently undergone a face-lift. Five fires on Main Street, the most recent in 1989, have left their mark on West Liberty. The last blaze destroyed a hardware store, a pharmacy and several offices and damaged a theater and clothing store.

The theater, Towne Cinema, has since reopened and a few other stores have come back. A Main Street renovation program has added trees, street lights and benches.

Another project on the drawing board is the renovation of an old Works Progress Administration school dedicated by Eleanor Roosevelt in 1937. The four-story structure was used as a school until 1989.

Last year, U.S. Rep. Harold "Hal" Rogers helped West Liberty obtain a $1 million federal grant to fix up the building. The grant was announced just before the election, which was significant because 96 percent of the registered voters in Morgan County are Democrats and Rogers, a Republican, was running there for the first time because of redistricting.

Stewart hopes the WPA building can be used for county offices and a recreational facility. He says there is a need for a community center because many young people end up cruising town in their cars and trucks.

"If it's not organized, a lot of bad habits develop," Stewart said.

Just a block from downtown is Wells Mill Park, named after the settlement that preceded West Liberty. According to tradition, West Liberty's name came about when officials were planning a county seat for Morgan County in 1823. Pike County, to the east, was contemplating the name Liberty for its county seat. So the Morgan County officials went with West Liberty.

The folks in Pike County settled on Pikeville while Morgan County stayed with West Liberty. But there is a Liberty in Kentucky's Casey County south of Lexington.

The histories of West Liberty and Morgan County are dominated by men, but in recent years, women have played a more visible leadership role.

Mayor Lena Black is the second woman to serve in the office. Morgan Circuit Clerk Alice Franklin, the president of the Kiwanis Club, has served since 1972, and women hold the county clerk's office and two of the five school board seats.

In 1959, four women ran as write-in candidates for six vacant seats on the city council, and won. The headline in The Licking Valley Courier read "West Liberty Women Take Over City Council With A Surprise Write-in Campaign Against The Men."

Blair was one of those women who decided at the last minute to run for city council. "I didn't know I was running until about 11 o'clock the night before the election," Blair said. The write-in campaign was prompted by a sewer project that left city streets a mess. Members of women's groups stood at each polling place on Election Day and handed out names of the write-in candidates.

Blair said the women helped get the streets fixed. "The majority of people were pleased," she said.

Two years later, Margaret Stacy, wife of former state senator C. K. Stacy, ran for the senate, but lost to a member of the powerful Turner faction from Breathitt County who asked voters in a newspaper advertisement to elect "a fighting man for your senator."

The Stacy family has played a major role in West Liberty's political and business development. C. K. Stacy ran the Commercial Bank. His son, Joe, also served as state senator. Joe D. Stacy started his own bank—Bank of the Mountains—in 1973 after a family squabble.

Two grandsons of C. K. Stacy run the banks. Another grandson, John Will Stacy, a West Liberty businessman, is the state representative. A great-grandson, Scott Wells, is running for mayor of West Liberty.

The Commercial Bank was recently purchased by an out-of-town bank, and John Will Stacy said "that took the edge off things."

Stewart, the county judge, agreed.

West Liberty residents "are a lot more independent voters than they ever have been," he said. "People have really come a long way in deciding their own fate."●

THE TOKYO G–7 SUMMIT

● Mr. PRYOR. Mr. President, last week, the leaders of the seven major industrialized states met in Tokyo for their 19th annual summit, in order to discuss ways to enhance opportunities for world economic growth and job creation.

The G–7 summit was a tremendous victory for the United States, a victory for President Clinton, and a victory for Congress.

I congratulate both President Clinton and Congress for the successful G–7 summit.

Why should we congratulate Congress? Because the United States' negotiating position in Tokyo was far stronger than it had been in a decade, because a majority in Congress followed President Clinton's lead and finally took the first steps toward tough and serious action on deficit reduction.

The $500 billion deficit reduction package passed by both Houses of Congress allowed President Clinton to negotiate from a position of strength. For the last 12 years, the other G–7 leaders told the United States to reduce our budget deficit problem before we sought concessions from them—President Clinton was able to fulfill that request after the past 12 years of failure, and it paid off at the negotiating table.

With this strengthened position President Clinton was able to achieve progress in many areas. The summit members agreed on a $3 billion package of aid for Russia and also agreed to send senior officials to the United States this fall for a jobs summit. President Clinton also negotiated an important trade framework with Japan, which will open Japanese markets to many American products and services. And progress was made on a market access package that is important for the Uruguay round of GATT negotiations.

Now Congress must finish the difficult task.

Mr. President, this week, the conference committee on the budget reconciliation bill begins its difficult work to resolve the differences between the House and Senate versions of this historic and important deficit reduction package.

Mr. President, as a member of that conference committee, I am quite aware of the large challenges that we face in the coming days. To meet this challenge, it is my hope that Members of this body will have an active role during the process of negotiations to assure final passage.

This will not be an easy bill to pass, but the Tokyo summit showed all of us one of the many reasons why it must pass.●

TRIBUTE TO DOUGLAS LESTER

● Mr. MCCONNELL. Mr. President, I would like to take this opportunity to sincerely congratulate and pay tribute to Douglas M. Lester.

Mr. Lester, irrefutably one of the most successful and industrious business leaders in the State of Kentucky, is currently chairman, president, and chief executive officer of Trans Financial Bancorp, Inc. of Bowling Green. This progressive institution is soon to become the State's second-largest independent banking company, thanks in large part to the energy, experience, intelligence and hard work of Douglas Lester. With over two decades of banking know-how, Mr. Lester came to Bowling Green in 1984 with bold goals, high hopes, and even loftier expectations. Mr. Lester inherited a small holding company, Kentucky Southern Bancorp, with little more than $160 million in assets. Not even a decade later, this enterprise, complete with a name change and multiple bank acquisitions on the books, boasts over $1.7 billion in assets and 7 consecutive years of record profits. Mr. Lester predicts future acquisitions in Louisville, the Bluegrass region, and northern Alabama.

Shrewd bank and thrift purchases, aggressive lending, and skillful management under the entrepreneurial leadership of Mr. Lester have undoubtedly contributed to Trans Financial's success. Diligence, integrity, and ingenuity are clearly responsible for the success of this exemplary institution. Douglas Lester's commendable achievements are testaments to hard work, dedication, and individual initiative. His efforts should serve as a model to all of us, not only as a lesson in business, but a lesson in life as well.

Mr. President, I take great pleasure in congratulating Mr. Douglas Lester for his tremendous accomplishments and I applaud his efforts in the highly competitive world of banking and finance. I ask that a recent article from the Lexington Herald-Leader be printed in today's CONGRESSIONAL RECORD.

The article follows:

BANKING COMPANY BUYS BANKS, THRIFTS ACROSS TWO STATES

(By Jim Jordan)

BOWLING GREEN.—Trans Financial Bancorp Inc. bought three Tennessee thrifts and two Kentucky banks in 1992.

The Bowling Green company nearly doubled its profits and its assets and moved up six notches to become the state's third-largest independent banking company.

Trans Financial could be No. 2 by the end of 1993 as it brings more banks under its green banner and expands outside its traditional markets in southern Kentucky and middle Tennessee.

"It is unusual for an institution their size to roam across the state and across state lines to make acquisitions," said Don Mullineaux, Du Pont professor of banking and financial services at the University of Kentucky.

"They have been a bit like a mini-Banc One"—gaining financial strength while aggressively buying banks and thrifts, Mullineaux said. "They have excellent management."

On Tuesday, Trans Financial moves into Eastern Kentucky by completing the purchase of The Citizens Bank of Pikeville for $18.5 million.

The company views the Pikeville bank as the first link in a chain of banks it hopes to

create in Eastern Kentucky, West Virginia and Virginia, said Douglas M. Lester, Trans Financial company's president, chairman and chief executive officer.

At least one acquisition in northern Alabama also is expected this year.

Lester said Louisville and the Bluegrass, Kentucky's largest banking markets, also are potential expansion markets.

"We definitely would look at the Louisville market," said the 50-year-old Kansas native who has headed Trans Financial since 1984. "We definitely feel there is some opportunities in the Bluegrass, maybe not right in Lexington but in some of the surrounding markets."

THE MOVE TO NO. 2

By year's end, Lester expects Trans Financial to pass Pikeville National Corp, to become the second-largest independent banking company based in Kentucky.

Pikeville National ended 1992 with $1.28 billion in assets, and Trans Financial will have $1.17 billion after it completes the Citizens Bank purchase.

The leader continues to be Liberty National Bancorp of Louisville, which ended 1992 with $4.3 billion in assets.

For Trans Financial, the goal is not just to get bigger but to continue producing above-average returns for stockholders, Lester said. "Size becomes a by-product of that."

How many more banks and thrifts can Trans Financial buy?

"We feel that we are well positioned to do a number of them in fairly rapid succession," he said.

Trans Financial is headed for its seventh consecutive year of record profits, and its stock is attractive to investors, he said. The company will pay cash, trade its stock or combine the two to acquire banks or thrifts.

Trans Financial had a 4-for-3 stock split in 1992 and another in 1993, when its quarterly dividend was increased 2 cents, to 17 cents a share, for an increase of 80 percent in the last five years.

Trans Financial seeks banks or thrifts in smaller towns. They must have above-average profit potential and good managers who will continue in the same jobs after Trans Financial becomes their employer.

The largest city where Trans Financial owns a bank is Clarksville, Tenn.—population 75,000—but the company has loan origination offices in Nashville and Chattanooga.

Trans Financial specializes in lending to corporations and businesses and in trust and brokerage services. "We are basically in the business of dealing with businesses in the middle market of the retail side," Lester said.

Because Trans Financial's customer base is different, Lester said, the company has no trouble competing with much larger banking companies that operate in or near its markets, such as National City Corp. in Bowling Green, Banc One in Pikeville, and NationsBank and First Union in Tennessee.

"We don't necessarily look at competition as a negative. We really feel the better the competition is the better the job that we probably do ourselves," he said.

Those larger companies are also potential buyers of Trans Financial, if the company's policy of remaining independent should change.

"The bigger they get and the more successful they are, the more likely they are to be acquired," Mullineaux said. "They could become a victim of their own strategy."

For now, Lester said, Trans Financial is buying, not selling.

"We feel like the shareholders are probably well-served in the position we are in," he said. "We are not saying that someday that might not change, but we don't expect any change in the foreseeable future."

HUMBLE BEGINNINGS

Trans Financial began as The Citizens National Bank of Bowling Green, which had $160 million in assets when it formed a holding company, Kentucky Southern Bancorp, in 1984. The name was changed to Trans Financial within two years. The company had decided to move into Tennessee and thought "Kentucky Southern" might not be well received in the Volunteer State.

Lester, who had 22 years of banking experience in Kansas and Missouri, joined the company in. April 1984 after the Bowling Green bank decided to hire an executive who could create a regional company.

The first acquisition, Citizens Bank and Trust Co. in Glasgow, was announced in January 1985.

To avoid the pitfalls of rapid growth, Lester said, Trans Financial is constantly improving its procedures for loan review, internal audits, compliance with government regulations and data processing.

As new banks and thrifts are acquired, they are linked immediately to the company's computer network and satellite communications system.

Trans Financial signs are put up, generally on the day the merger occurs, and any internal changes are made immediately at the acquired bank to eliminate uncertainty for customers and employees.

What doesn't change in most cases, is the bank's top managers. Trans Financial will set goals for the bank and let local managers decide how the goals will be met.

"The people in the communities where we operate know those markets much better than we do. We are going to be in 37 locations as of July 6. It would be impossible for us to know those 37 locations better than the people who are there and running them everyday," Lester said.

AN AGGRESSIVE LENDER

Trans Financial's most critical need is for good loan officers and loan quality overseers.

"We're an aggressive lender," he said, "We have double-digit loan growth every year—and have had for seven years now—and yet we have very few problem loans."

The reason? "We have excellent loan officers and a very strong credit culture. It's very stringent, and we don't back off those requirements," he said.

If borrowers don't quality, they are told immediately. Except for extremely large or complicated loans, the decision is made at the local bank, not in Bowling Green, Lester said. For those who quality, Trans Financial tries to become their sole source of loans and other financial services.

BANKS ACQUIRED BY TRANS FINANCIAL

Main acquisitions of Trans Financial Bancorp:

Citizens Bank and Trust Co., Glasgow, 1985.

First Federal Savings and Loan Association, Russellville, 1990.

Future Federal Savings Bank, branches in Glasgow and Tompkinsville, 1991.

First Federal Savings Bank of Tennessee, Tullahoma, Tenn., 1992.

Maury Federal Savings Bank, Columbia, Tenn., 1992.

Heritage Bank for Savings, five branches in middle Tennessee, 1992.

Dawson Springs Bancorp Inc., which owned Commercial Bank of Dawson and Kentucky State Bank in Scottsville, 1992.

Citizens Bank of Pikeville, 1993.●

VOTES DURING ABSENCE DUE TO ILLNESS

● Mrs. MURRAY. Mr. President, during the weeks of June 21 and June 28, I was absent from the Senate due to illness. I am grateful to the majority leader and the floor staff for announcing votes for me. However, I was unable to be announced for several votes on the omnibus budget reconciliation bill, and wish to state for the record now how I would have voted had I been present. On June 24, on rollcall vote No. 171, I would have voted "no"; on rollcall vote No. 174, I would have voted "yes"; on June 25, on rollcall vote No. 183, I would have voted "yes"; on rollcall vote No. 186, I would have voted "no"; on rollcall vote No. 188, I would have voted "no"; and on rollcall vote No. 189, I would have voted "yes."●

RELIGIOUS FREEDOM RESTORATION ACT

● Mr. MACK. Mr. President, today, I join 54 of my colleagues in cosponsoring the Religious Freedom Restoration Act [RFRA]. Passage of the act is of great importance to reestablishing the sanctity and value of religious freedom. RFRA will effectively overturn a troubling decision by the U.S. Supreme Court in Employment Division versus Smith (1990), a case that severely curtailed the free-exercise clause of the first amendment, by restoring the standard by which religious freedom claims should be resolved.

I endorse this legislation with some qualification, however. I am concerned about the act's impact on local, State, and Federal correctional facilities. Although this bill has the commendable goal of protecting religious freedom, I believe the act, as it currently stands, could upset the precarious balance between the rights of inmates and the security needs of our jails and prisons. Twenty-six State attorneys general, including Florida's, as well as the Governor of Florida and our secretary of corrections, have all expressed concern over the act's effect of raising the legal standard prison administrators will be required to meet in instances where inmates assert entitlement to special treatment based on religious rights.

The current legal standard requires prison administrators to reasonably accommodate the free exercise rights of individual inmates, but allows a balance to be struck between such rights and institutional order. S. 578 will elevate the asserted individual inmate rights over the operational needs of prisons and thereby impose additional and unnecessary costs for incarcerating felons.

Florida citizens are already besieged by crime, and simply should not be required to shoulder a greater financial

burden in order to accommodate such requests. Therefore, although I join now as a cosponsor, I also intend to support Senator REID's amendment, which merely exempts prisons from coverage under the act.●

ORDER OF BUSINESS

Mr. GLENN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

The GLENN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

FEDERAL EMPLOYEES LEAVE SHARING AMENDMENTS ACT OF 1993

Mr. GLENN. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 124, S. 1130, the Federal Employees Leave Sharing Amendments Act of 1993; that the bill be deemed read the third time, passed, the motion to reconsider laid upon the table; that any statements relative to this measure appear in the RECORD at the appropriate place.

The PRESIDING OFFICER. Without objection, it is so ordered.

So the bill (S. 1130) was deemed read the third time, and passed, as follows:

S. 1130

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Federal Employees Leave Sharing Amendments Act of 1993".

SEC. 2. AUTHORIZATION FOR CONTINUATION OF LEAVE TRANSFER AND LEAVE BANK PROGRAMS.

Section 2 of the Federal Employees Leave Sharing Act of 1988 (Public Law 100-566; 102 Stat. 2844) is amended by striking out subsection (d).

SEC. 3. ELIMINATION OF ADVANCED LEAVE AS AVAILABLE PAID LEAVE.

(a) LEAVE TRANSFER PROGRAM.—Section 6331(4) of title 5, United States Code, is amended by inserting before the period "(except such paid leave shall not include advanced leave)".

(b) LEAVE BANK PROGRAMS.—Section 6361(6) is amended by inserting before the period "(except such paid leave shall not include advanced leave)".

SEC. 4. ACCRUAL OF LEAVE.

Section 6337 of title 5, United States Code, is amended by—

(1) striking out subsection (c); and

(2) striking out subsection (b)(2) and inserting in lieu thereof the following new paragraphs:

"(2) Subject to the provisions of paragraph (3), any annual or sick leave accrued by an employee under this section shall be—

"(A) credited to the annual leave or sick leave account of such employee, as appropriate; and

"(B) available for use by such employee as provided under this subchapter.

"(3) If an employee's medical emergency terminates as described under section 6335(a)(3), no leave shall be credited to such employee under this section.".

SEC. 5. EMPLOYEE PARTICIPATION IN LEAVE BANK PROGRAMS AND LEAVE TRANSFER PROGRAMS.

(a) IN GENERAL.—Section 6373 of title 5, United States Code, is amended to read as follows:

"§ 6373. Employee participation in leave bank programs and leave transfer programs

"(a) An agency may—

"(1) establish a leave bank program under the provisions of this chapter and a leave transfer program under the provisions of subchapter III; and

"(2) provide for an employee of such agency to participate in either or both such programs.

"(b) The Office of Personnel Management shall prescribe regulations to include procedures to carry out this subchapter when a leave contributor and a leave recipient are participants in different programs under this subchapter.".

(b) TECHNICAL AND CONFORMING AMENDMENTS.—The table of sections for chapter 63 of title 5, United States Code, is amended by amending the item relating to section 6373 to read as follows:

"6373. Employee participation in leave bank programs and leave transfer programs.".

SEC. 6. EFFECTIVE DATE.

The provisions of this Act and the amendments made by this Act shall take effect on the date of the enactment of this Act and shall apply to leave accrued or accumulated before, on, and after such date.

MEASURE TO BE REFERRED TO ENERGY AND NATURAL RESOURCES COMMITTEE—S. 1216

Mr. GLENN. Mr. President, I ask unanimous consent that when the Senate Committee on Indian Affairs reports S. 1216, a bill to resolve the 107th meridian boundary dispute between the Crow Indian and Northern Cheyenne Indian Tribes, the bill then be referred to the Senate Committee on Energy and Natural Resources.

The PRESIDING OFFICER. Without objection, it is so ordered.

VETERANS' COMPENSATION COST-OF-LIVING ADJUSTMENT OF 1993

Mr. GLENN. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 90, S. 616, the veterans compensation COLA bill; that the committee amendments be agreed to; the bill be deemed read the third time, passed, the motion to reconsider be laid on the table, and that any statements relative to the passage of this item appear at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROCKEFELLER. Mr. President, as chairman of the Committee on Veterans' Affairs, I rise today to urge my colleagues to pass S. 616, the proposed Veterans Compensation Cost-of-Living Adjustment Act of 1993. I am very pleased that every member of the Committee on Veterans' Affairs is an original cosponsor of this measure, including ranking Republican member FRANK MURKOWSKI and Senators DENNIS DECONCINI, GEORGE MITCHELL, BOB GRAHAM, DANIEL AKAKA, TOM DASCHLE, BEN NIGHTHORSE CAMPBELL, ALAN SIMPSON, STROM THURMOND, ARLEN SPECTER, and JIM JEFFORDS.

Mr. President, effective December 1, 1993, this bill would increase the rates of compensation paid to veterans with service-connected disabilities and the rates of dependency and indemnity compensation, or DIC, paid to the survivors of certain service-disabled veterans. The rates would increase by the same percentage as the increase in Social Security and VA pension benefits. The compensation COLA would become effective on the same date as the increases for those benefits take effect.

Mr. President, there are 2.2 million service-disabled veterans and 345,000 survivors who receive VA compensation. These veterans and survivors have endured enormous sacrifice on behalf of our Nation. We have a fundamental obligation to address the needs of these brave men and women, and doing so is one of my foremost priorities as chairman of the Veterans' Affairs Committee.

Mr. President, these veterans and their families are an integral part of America's proud military history. Ever since I entered public life to serve the people of West Virginia, I have worked very closely with veterans and their families. I represent a State where military service is held in the highest esteem. Now, as chairman of the Committee on Veterans' Affairs, I have been allowed the opportunity to work closely with veterans and families from across the country.

Mr. President, the adjustments provided under this bill will affect the daily lives of over 2½ million veterans and veterans' survivors. It is our responsibility to continue to provide COLA's in compensation and DIC benefits to ensure that the value of these top priority, service-connected benefits is not eroded by inflation. America's veterans should continue to receive the benefits they have earned through service to our country.

Mr. President, I am proud that Congress consistently has met its responsibility to maintain the real value of compensation benefits. Annual increases in VA compensation rates have been provided by Congress every fiscal year since 1976, and I urge all of my colleagues to continue the overwhelming support they always have shown for these important adjustments.

Mr. President, most recently, on October 24, 1992, Congress enacted Public

Law 102–510, providing a 3.0-percent increase in these benefits, effective December 1, 1992.

Mr. President, the Congressional Budget Office currently estimates that the December 1, 1993, Social Security and VA pension COLA will be 3 percent. This is a preliminary estimate, but I expect the actual increase will be close to this estimate. The Congressional Budget Office estimates that a 3-percent COLA would cost $325 million in budget authority and $324 million in outlays over current law. The CBO baseline already assumes these amounts, so this bill would have no cost over the CBO baseline.

Mr. President, there is no price we can place on the sacrifice our country's service-disabled veterans have honorably made. Men and women who have become disabled as a result of their service, or survive the death of their service-disabled spouse, are reminded daily of the costs of freedom. We all benefit from their sacrifices, and share the responsibility of ensuring they receive appropriate compensation.

Mr. President, I urge all of my colleagues to support this important measure.

So the bill (S. 616), as amended, was deemed read the third time and passed, as follows:

(The parts of the bill intended to be stricken are shown in boldface brackets, and parts of the bill intended to be inserted are shown in italics, as follows:)

S. 616

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Veterans' Compensation Cost-of-Living Adjustment Act of 1993".

SEC. 2. DISABILITY COMPENSATION AND DEPENDENCY AND INDEMNITY COMPENSATION RATE INCREASES.

(a) IN GENERAL.—(1) The Secretary of Veterans Affairs shall, as provided in paragraph (2), increase, effective December 1, 1993, the rates of and limitations on Department of Veterans Affairs disability compensation and dependency and indemnity compensation.

(2)(A) The Secretary shall increase each of the rates and limitations provided for in sections 1114, 1115, 1162, 1311, 1313, and 1314 of title 38, United States Code, that were increased pursuant to section 2 of the Veterans' Compensation Cost-of-Living Adjustment Act of 1992 (Public Law 102–510; 106 Stat. 3318; [38 U.S.C. 101 note] *38 U.S.C. 1114 note) and each of the rates provided for in paragraphs (1) and (2) of section 1311(a) of such title as amended by section 102(a) of the Dependency and Indemnity Compensation Reform Act of 1992 (title I of Public Law 102–568; 106 Stat. 4321).* The increase shall be made in such rates and limitations as in effect on November 30, 1993, and shall be by the same percentage that benefit amounts payable under title II of the Social Security Act (42 U.S.C. 401 et seq.) are increased effective December 1, 1993, as a result of a determination under section 215(i) of such Act (42 U.S.C. 415(i)).

(B) In the computation of increased rates and limitations pursuant to subparagraph (A), amounts of $0.50 or more shall be rounded to the next higher dollar amount and amounts of less than $0.50 shall be rounded to the next lower dollar amount.

(b) SPECIAL RULE.—The Secretary may adjust administratively, consistent with the increases made under subsection (a), the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85–857 ([2] 72 Stat. 1263) who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

(c) PUBLICATION REQUIREMENT.—At the same time as the matters specified in section 214(i)(2)(D) of the Social Security Act (42 U.S.C. 415(i)(2)(D)) are required to be published by reason of a determination made under section 215(i) of such Act during fiscal year 1993, the Secretary shall publish in the Federal Register the rates and limitations referred to in subsection (a)(2)(A) as increased under this section.

VETERANS' MEDICAL FACILITY PROJECT AND LEASES ACT

Mr. GLENN. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 86, S. 1079, the veterans construction authorization bill; that an amendment by Senator ROCKEFELLER at the desk be agreed to; that the bill, as amended, be deemed read a third time; that the Veterans' Affairs Committee be discharged from further consideration of H.R. 2034, the House companion, that all after the enacting clause be stricken and the text of S. 1079, as amended, be inserted in lieu thereof; that the bill be deemed read a third time, passed, that the motion to reconsider be laid upon the table; that the title be appropriately amended and that any statements relative to the passage of this item appear at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 569) is as follows:

On page 4, between lines 3 and 4, insert the following:

SEC. 3. INCREASE IN AMOUNT OF MAJOR MEDICAL FACILITY PROJECT THRESHOLD.

Section 8104(a)(3)(A) of title 38, United States Code, is amended by striking out "$2,000,000" and inserting in lieu thereof "$3,000,000".

SEC. 4. FACILITY ACQUISITIONS SUBJECT TO HEALTH-CARE RESOURCE SHARING CONSIDERATIONS.

Section 8102(d) of title 38, United States Code, is amended—

(1) by inserting "(1)" after "(d)";

(2) in paragraph (1), as so designated, by striking out "for any project" and all that follows through "$2,000,000," and inserting in lieu thereof "for any major medical facility project (other than by an acquisition by exchange),"; and

(3) by adding at the end the following:

"(2) In this subsection, the term 'major medical facility project' has the meaning given such term in section 8104(a)(3)(A) of this title.".

SEC. 5. INCREASE IN THRESHOLD FOR REQUIREMENT RELATING TO EXPENDITURES FOR PARKING FACILITIES.

Section 8109(i)(2) of title 38, United States Code, is amended by striking out "$2,000,000" and inserting in lieu thereof "$3,000,000".

On page 4, line 4, strike out "3." and insert in lieu thereof "6.".

On page 4, line 6, strike out "(a) AUTHORITY FOR INCREASED TERM OF CERTAIN LEASES.—".

On page 4, strike out line 11 and all that follows through page 5, line 26.

So, the bill (H.R. 2034), as amended, was deemed read a third time and passed.

So, the title was amended to read as follows: Amend the title so as to read: "To authorize major medical facility projects and leases for the Department of Veterans Affairs, to revise and extend the authority of the Secretary of Veterans Affairs to enter into enhanced-use leases, to revise certain authorities relating to Pershing Hall, France, and for other purposes."

S. 1079: REVISION AND IMPROVEMENT OF VA CONSTRUCTION AND FACILITIES PROGRAM

Mr. ROCKEFELLER. Mr. President, as chairman of the Committee on Veterans' Affairs, I urge my colleagues to give their unanimous consent to S. 1079, legislation that would revise and improve the construction and facilities program for the Department of Veterans Affairs, as it will be amended by a committee modification that I am proposing. The measure as reported by the Veterans' Affairs Committee on June 8, 1993, which I will refer to as the committee bill, would authorize major facility projects and leases for the VA, revise and extend the authority of the Secretary of Veterans Affairs to enter into enhanced-use leases, and modify the Secretary's authority in connection with Pershing Hall, France. The committee modification would: First, change—from $2 to $3 million the amount at which a VA facility project is considered a major medical facility project for purposes of congressional authorization; and second, delete the Secretary's authority to dispose of Pershing Hall and close the Pershing Hall revolving fund.

BACKGROUND

Mr. President, the VA health care system includes 171 medical centers, 362 outpatient activities, 129 nursing home care units, and 35 domiciliary care facilities. It is critical to the VA's mission that it maintain its capital investment and modernize the physical plants where appropriate to ensure that the VA health care system can provide state-of-the-art medical care and respond to the changing needs of our Nation's veterans. To accomplish this, VA has the largest medical facility construction program in the Nation. VA employs a number of processes intended to ensure that needed health care programs are identified and that when those needs require renovation or new space, the space is appropriately planned, designed, and procured through sharing, construction, lease, or public-private ventures.

Section 301 of Public Law 102–405 amended section 8104(a)(2) of title 38, United States Code, to prohibit funds from being appropriated for any fiscal year or spent, if appropriated, for major medical facility projects or leases unless funds for those projects or leases have been specifically authorized by law.

In February 1993, the General Accounting Office [GAO] report on VA's major construction program, VA Health Care: Actions Needed to Control Major Construction Costs, suggested that, because of the ongoing prospects for national health care reform, consideration should be given to limiting VA construction for additional acute care capacity until the future effects on demand for VA health care services can be determined. This and related issues were reviewed at the committee's hearing on May 6, 1993.

Because the various provisions in the committee bill are described in detail in the committee's report accompanying this measure, Senate Report No. 103–53, I will at this time just set forth a summary of the provisions and highlight each section. I refer my colleagues and all others with an interest in the committee bill to the committee report for more complete information on it.

SUMMARY OF PROVISIONS

Mr. President, the committee bill would:

First, authorize the Secretary of Veterans Affairs to carry out the VA major medical facility projects and leases requested in the fiscal year 1994 budget that the President submitted to Congress. Additionally, authorize $111,600,000 to be appropriated for those major medical facility projects and $50,123,105 for those major medical facility leases.

Second, authorize the Secretary to make payments for the use of space or services acquired under VA's enhanced-use lease authority from funds appropriated to the Department for construction.

Third, extend the Secretary's authority to enter into enhanced-use leases from December 31, 1994, until December 31, 1996.

Fourth, extend the Secretary's lease authority for Pershing Hall, France, from 35 years to 99 years as the maximum period of lease.

AUTHORIZATION OF MAJOR MEDICAL FACILITY PROJECTS AND MAJOR MEDICAL FACILITY LEASES

Mr. President, section 1 of the committee bill would authorize the Secretary of Veterans Affairs to carry out the major medical facility projects and leases for which funds were requested in the fiscal year 1994 administration budget, and would authorize the requested amounts to be appropriated.

The VA budget request specified the following five major medical facility projects not previously approved by the Congress at a cost of $11,600,000: First, the modernization and seismic correction of the VA Medical Center in Memphis, TN; second, a nursing home care unit in Baltimore, MD; third, a new psychiatric building at the VA Medical Center in Lyons, NJ; fourth, a replacement bed building at the VA Medical Center in Muskogee, OK; and fifth, a new medical facility as a VA joint venture with Elmendorf Air Force Base in Anchorage, AK.

I note that three major medical facility projects in the VA fiscal year 1994 budget submission were partially funded in a prior year and therefore do not require authorization under Public Law 102–405. These projects are at the VA medical centers in Palo Alto, CA; Tuskegee, AL; and Temple, TX.

The VA budget request of $50,123,105 specified 11 VA major medical facility leases in the following communities: Albuquerque, NM; Boston, MA; Cleveland, OH; Decatur, IL; Las Vegas, NV; Mayaquez, PR; Redding, CA; Rochester, NY; Sacramento, CA; San Jose, CA; and Santa Barbara, CA.

Generally, the major medical facility projects authorized by the committee bill focus on infrastructure and correction of life safety deficiencies and provision of long-term care and ambulatory care services. I am satisfied that the five major medical projects for which funds are authorized to be appropriated in fiscal year 1994 are needed and would be compatible with whatever role VA is to play under national health care reform.

Mr. President, I am not satisfied, however, with the VA construction planning and management process and believe, as the committee directs in the committee report accompanying this legislation, that the Secretary should request an independent review of VA's construction program, the findings of which should be reported to the committee prior to the submission of the President's budget for fiscal year 1995.

ENHANCED-USE AUTHORITY

Mr. President, section 2 of the committee bill would authorize the Secretary to make payments for space or services acquired under VA's enhanced-use lease authority from funds appropriated to the Department for construction and would extend the Secretary's authority to enter into enhanced-use leases to December 31, 1996.

In 1991, Congress provided VA with a 3-year authority to enhance the use of its property through a leasing program. Section 401 of the Veterans' Benefits Programs Improvement Act of 1991, Public Law 102–86, codified as subchapter V of chapter 81, title 38, United States Code, authorized the Secretary to lease unused or underused VA property—for the most part, portions of medical center campuses—to a developer for up to 35 years as a means of obtaining facilities, services, or funds for veterans' programs that otherwise would be unavailable or unaffordable.

Currently, section 8162(b)(4) of title 38 requires that any payment by the Secretary for the use of space or services on property that has been leased under this enhanced-use lease authority may only be made from funds appropriated to the Department for the activity that uses the space or services; that is, any such funds must come out of the operating budget of the local medical center that has the enhanced-use lease.

In some instances this statutory restriction has inhibited VA's use of enhanced-use leasing authority to obtain needed facilities or services which are unaffordable through the conventional construction process. For example, due to property size limitations or other reasons, a developer may require a VA contribution to project funding in an amount larger than is reasonably available from a medical center's operating budget. Although the proposed project would be significantly less expensive if acquired under VA's enhanced-use lease authority, it becomes unavilable, from a practical standpoint, because of the statutory funding source restriction.

To address this problem, the committee bill would provide VA with an alterative means of funding an enhanced-use lease project. In addition to the use of local medical center operating funds, the Secretary would be able to use funds appropriated to VA for major or minor construction for this purpose. In so doing, the committee bill would specify that such VA enhanced-use lease payments would be treated as a project for the acquisition of a medical facility. Thus, if a payment were to exceed the amount by which a major medical facility is statutorily defined, that project would have to be authorized by the Congress prior to any funding being appropriated for it. If, on the other hand, the payment were to be less than the amount by which a major medical facility is defined, the project funding could come from the construction, minor projects, appropriation without a specific project authorization.

Mr. President, I have been supportive of the enhanced-use lease program and concerned with VA's slow start in testing the concept. I am encouraged, however, that the program now is underway and that VA has identified a variety of potential new projects. Currently, VA's authority to enter into enhanced-use leases expires December 31, 1994. If that authority is not extended, it may expire before sufficient examples of developed projects would be available for the benefit of the concept to be adequately determined. I believe that an extension of VA's enhanced-use lease authority for 2 more years would allow sufficient time for VA to complete its program assessment and that

extending VA's authority now should add stability to the program and allow staff to proceed with confidence.

REVISION OF AUTHORITY RELATING TO PERSHING HALL

Mr. President, section 3 of the committee bill would extend the Secretary's lease authority for Pershing Hall, a facility in Paris, France, to 99 years as the maximum period of lease.

In 1991, Congress gave VA the responsibility for the rehabilitation, operation, and use of Pershing Hall, an existing building located in Paris, France. Through managing the property over the past 18 months, VA has determined that the authorizing legislation needs to be modified to improve Pershing Hall's value as an asset of the U.S. Government. The VA believes that the Secretary should be able to negotiate a lease for up to 99 years so as to maximize VA's return on a development contact. VA has indicated that the current 35-year lease authority is contrary to the custom and practice in Paris and that financial advisers have advised VA that the value of redevelopment proposals for a 35-year lease will be 30 to 40 percent of what the Department should be able to receive if it follows the Paris custom and practice, which is to provide for a 99-year lease. Because it appears that VA would lose nothing in terms of control over the building if the lease term were extended because of the overall control it would still maintain as lessor, the committee believes that increased lease authority should provide the Secretary with an additional option to review and compare as it makes decisions about the facility.

COMMITTEE MODIFICATION OF THE BILL AS REPORTED

Mr. President, at this point I will discuss provisions that I am offering on behalf of the committee as a modification of S. 1079 as reported. The modification deals with the amount at which a major medical facility project is defined as "major" for purposes of congressional authorization and with the fate of proceeds from the possible sale of Pershing Hall.

In summary, the provisions of the committee modification would:

First, increase the statutory limitation for defining a "major medical facility project" from $2 to $3 million.

Second, by reference to the new statutory definition of a major medical facility project, modify the statutory requirement for VA to consider the possibility of a sharing agreement with the Department of Defense when evaluating a proposed project.

Third, increase statutory limitation for treating a parking facility at a medical facility as a major medical facility project from $2 to $3 million.

Fourth, delete the authority of VA to dispose of Pershing Hall and close the Pershing Hall revolving fund.

INCREASE IN AMOUNT OF MAJOR MEDICAL FACILITY PROJECT THRESHOLD

Mr. President, the committee modification would amend section 8104(a)(3)(A) of title 38 so as to increase from $2 to $3 million the threshold for defining the term "major medical facility project." This title 38 threshold has been in effect since fiscal year 1981.

Beginning in fiscal year 1991, Congress, through the appropriations process, changed the amount of "major construction projects" to those "where the estimated cost of a project is $3 million or more * * *." The change reflected increased costs for construction as a result of inflation and a resulting increased burden caused by the statutory requirement to review all major construction projects. The $3 million amount was continued in both the fiscal years 1992 and 1993 Appropriations Acts.

In practice, although the title 38 and appropriations definitions have differed, Congress has used one definition of major construction projects since fiscal year 1991. Since fiscal year 1991, both the authorization and appropriations committees separately and Congress collectively and the administration, through the VA, have, through their actions, accepted a definition of major construction projects as one in excess of $3 million. Since fiscal year 1991, only those projects in excess of $3 million have been submitted to Congress by VA pursuant to section 8104(b) of title 38 that requires a prospectus of proposed major medical facility projects. Notwithstanding the fact that the authorization language was not changed to reflect the increase in the major construction threshold in appropriations acts, the authorization and appropriations committees have reviewed only those projects costing over $3 million—not those costing between $2 and $3 million. In fiscal year 1991, there were 26 VA construction projects costing between $2 and $3 million. In fiscal year 1992, there were 20; and in fiscal year 1993, 43.

Mr. President, it might be argued that the two exiting statutory definitions of a major construction project are for different purposes—one for authorization and one for appropriations—and that their different threshold amounts are not in irreconcilable conflict. It can also be argued that if the two different definitions were in irreconcilable conflict, the more recent statute, as the latest expression of Congress, should govern. Practically speaking, however, the administration of a construction program using two different definitions and procedures for projects between $2 and $3 million would be unnecessarily chaotic.

Public Law 102-405 excepts from its requirement for major construction project authorization those projects for which funds have been specifically authorized by law. Mr. President, I believe that because the VA, HUD, and Independent Agencies Appropriations Act for Fiscal Year 1993, Public Law 102-389, was enacted 3 days before Public Law 102-405, projects costing between $2 and $3 million for which funds were authorized for fiscal year 1993 are excepted from the Public Law 102-405 requirement that they be authorized. However, I do believe that construction projects for fiscal year 1994 requiring new funding of between $2 and $3 million would need authorization under current law. I note to my colleagues that there are 41 projects proposed by VA for fiscal year 1994 that would cost between $2 and $3 million and that none is covered by the committee bill as reported.

My proposed modification of the committee bill would resolve the two-definition confusion by bringing title 38 in line with Appropriations Committee legislation and congressional practice since fiscal year 1991.

FACILITY ACQUISITION SUBJECT TO HEALTH-CARE RESOURCE SHARING CONSIDERATIONS

Mr. President, current section 8102(d) of title 38 provides that in considering the need for any project for the construction, alteration, or acquisition of a medical facility which is expected to involve a total expenditure of more than $2 million, the Secretary of Veterans' Affairs must give consideration to the sharing of health care resources with DOD as an alternative to all or part of that project.

The committee modification would delete from section 8102(d) the use of a specific dollar level and substitute a reference to the statutory definition of a major medical facility project in section 8104(a)(3)(A) of title 38—the definition I propose to revise in the committee modification.

INCREASE IN THRESHOLD FOR REQUIREMENT RELATING TO EXPENDITURES FOR PARKING FACILITIES

Mr. President, the committee modification would amend section 8109(i)(2) of title 38 to increase the defining limit for treating a parking facility at a medical facility as a major medical facility project from $2 to $3 million. This change would make the parking facility requirement consistent with the other proposed changes in the committee modification.

DEPOSITION OF PERSHING HALL REVOLVING FUND RESIDUE INTO THE TREASURY

The committee modification would delete section 6(b) and section 6(c) of the committee bill as reported. These two sections would have authorized the Secretary to dispose by sale or otherwise, of Pershing Hall if the Secretary determined that sale or other disposal would be in the best interest of the United States, and close the Pershing Hall revolving fund upon disposal of Pershing Hall.

Mr. President, I deleted the authority to dispose of Pershing Hall to avoid

the direct-spending effects attributed to the expenditure of proceeds from the possible sale of Pershing Hall, despite my strong belief that the Congressional Budget Office estimate in their initial cost estimate of S. 1079 as reported, that there would be direct-spending effects—is incorrect. While I do not believe that the basic assumption underlying the CBO estimate—that there are direct spending effects—is correct, the fact remains that the CBO estimate did create a problem for this legislation under the pay-as-you-go rule. Deleting the Secretary's authority to dispose of Pershing Hall and close the revolving fund eliminates any pay-as-you-go problem.

CONCLUSION

Mr. President, in closing I express my deep appreciation to all members of the committee for their help in the development of and action on this legislation.

I am also grateful for the contribution of the Veterans' Affairs Committee staff members who have worked on this legislation—Todd Houchins, Michael Cogan, Chuck Lee, Bill Brew, and Jim Gottlieb—and for the diligent work of Charles Armstrong of the Legislative Counsel's Office in the crafting of the measure.

Mr. President, it is important that VA maintain its capital investment, modernize its physical plants where health care is provided, and correct life safety deficiencies. Thus, I urge the Senate to give its unanimous approval to the pending measure.

Mr. GLENN. Mr. President, I ask unanimous consent that Calendar No. 86 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENDING THE TERMS OF VARIOUS PATENTS

Mr. GLENN. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 102, S. 409, relating to the patent extensions, that the committee substitute amendment be adopted, that the bill be deemed read a third time and passed; that the motion to reconsider be laid upon the table and that my statement and Senator DECONCINI's relative to the passage of this item appear at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

So, the committee amendment was agreed to.

So, the bill (S. 409), as amended, was deemed read a third time and passed, as follows:

SECTION 1. PATENT TERM EXTENSION FOR OLESTRA.

(a) IN GENERAL.—The terms of United States patents numbered 4,005,195, 4,005,196, and 4,034,083 (and any reissues of such patents) shall each be extended for a period beginning on the date of its expiration through December 31, 1997.

(b) POST-MARKET SURVEILLANCE.—The holders of the patents extended under this section shall, following the first permission for marketing olestra, undertake a post-market program that shall provide data regarding the influence of olestra-containing products upon the overall dietary intake of fats. Such data shall be subject to the usual standards of professional peer review. At the end of the study period, such data shall be submitted to the Food and Drug Administration for review. Such study data shall be in a format which shall be made available to Congress for public review. The requirements of this subsection shall not in any manner preempt the authority of the Food and Drug Administration to request and to receive any other information it determines necessary in the course of its ongoing regulatory activities.

SEC. 2. PATENT TERM EXTENSIONS FOR AMERICAN LEGION.

(a) BADGE OF AMERICAN LEGION.—The term of a certain design patent numbered 54,296 (for the badge of the American Legion) is renewed and extended for a period of 14 years beginning on the date of enactment of this Act, with all the rights and privileges pertaining to such patent.

(b) BADGE OF AMERICAN LEGION WOMEN'S AUXILIARY.—The term of a certain design patent numbered 55,398 (for the badge of the American Legion Women's Auxiliary) is renewed and extended for a period of 14 years beginning on the date of enactment of this Act, with all the rights and privileges pertaining to such patent.

(c) BADGE OF SONS OF THE AMERICAN LEGION.—The term of a certain design patent numbered 92,187 (for the badge of the Sons of the American Legion) is renewed and extended for a period of 14 years beginning on the date of enactment of this Act, with all the rights and privileges pertaining to such patent.

SEC. 3. INTERVENING RIGHTS.

The renewals and extensions of the patents under section 2 shall not result in infringement of any such patent on account of any use of the subject matter of the patent, or substantial preparation for such use, which began after the patent expired, but before the date of the enactment of this Act.

SEC. 4. EFFECTIVE DATE.

The provision of this Act shall take effect on the date of the enactment of this Act.

TO EXTEND KEY PATENTS ON OLESTRA AND THE TERMS OF THE BADGES OF THE AMERICAN LEGION

Mr. GLENN. Mr. President, I rise in support of S. 409, which I introduced in February and is cosponsored by my distinguished colleagues, Senators HATCH, GRASSLEY, DURENBERGER, HEFLIN, THURMOND, FEINSTEIN, and COCHRAN. S. 409 will extend certain patents, including a limited extension for three key patents on olestra, a revolutionary zero-calorie fat replacement made by Procter & Gamble, one of America's premier manufacturers, headquartered in Cincinnati, OH. It will also extend the patent terms of the badges of the American Legion, the American Legion Women's Auxiliary and the Sons of the American Legion.

This bill is really unfinished business from the 102d Congress. The olestra provisions of this bill were included in H.R. 5475, which was passed by the House by an overwhelming margin on August 4, 1992, and in S. 1506, which was passed by the Senate on October 8, 1992 by voice vote. The patent for the American Legion's badges also passed both the Senate and the House during the 102d Congress.

I would like to commend my colleagues Chairman DENNIS DECONCINI of the Subcommittee on Patents, Copyrights and Trademarks; ORRIN HATCH, the ranking member of the Judiciary Committee; and Chairman JOSEPH BIDEN of the Senate Judiciary Committee and their staffs for the fair and thorough handling of this bill.

Procter & Gamble invented olestra in the 1960's, and began working with the FDA in 1971. More than two decades later, olestra has still not been approved. Without approval, it cannot be manufactured for and used by the Nation's consumers. P&G has already invested $200 million in olestra, and would need to invest many more hundreds of millions to construct manufacturing facilities here in the United States to produce this substance. The primary olestra patent expired in 1988 and three others—which are the subject of this legislation—will expire in early to mid-1994, which I understand is the earliest possible date that the FDA could be in a position to approve the food additive petition. In other words, after more than two decades and over $200 million in research, Procter & Gamble has still not realized a return on its efforts.

Nobody is faulting the FDA; approval of olestra has posed unique and unprecedented scientific questions that had to be researched. Relief is in order, but not just to be fair to Procter & Gamble. Without providing this modest extension I'm afraid other manufacturers will be discouraged from investing in other long-term, high-risk research that is so important to the Nation's health and the economy.

The problem arises because American patents by law only last 17 years, while regulatory reviews by FDA must of necessity be open-ended to ensure safety of new food additives. Olestra is unique, virtually unprecedented as a new food type because of its likely impact on the American diet, and because it is a non-adsorbable, noncaloric fat replacement. While most food additives constitute, at most, a fraction of one percent of the human diet, olestra could eventually replace as much as 10 percent or more. Accordingly, the FDA has approached this unprecedented food additive with appropriate prudence, and P&G has been required to invent new protocols to test olestra's safety for human consumption, because olestra did not fit the existing regulatory mode.

I have worked for the last 2 years on this bill because I continue to believe that Federal policies should encourage innovation by American industry—rather than reward the manufacturer who merely waits for the patent of an investor who has assumed all the risks

of innovation to expire. Our patent system is designed to encourage innovations such as olestra. At the same time, our regulatory system is intended to ensure safety. In most instances these two functions work in harmony and serve the public well. In rare instances, however, the length of the safety assurance process can consume much, or all, of the 17 years of exclusivity granted an inventor under patent law. In these extraordinary instance, Congress has extended patents to maintain balance. I believe that olestra is one of these extraordinary cases.

The olestra provisions of S. 409 were approved by bipartisan majorities of both houses during the 102d Congress. This occurred only after scrutiny by the respective House and Senate Judiciary Subcommittees, chaired by Senator DECONCINI and Representative WILLIAM HUGHES. This year, the bill cleared the Senate Subcommittee on Patents, Copyrights and Trademarks and was overwhelmingly passed by the full Judiciary Committee.

I have great pride in the fact that my legislation also includes the extension of the emblem patents for one of our Nation's finest nonprofit organizations, the American Legion and its affiliates: the American Legion Auxiliary and the Sons of the American Legion. Established in 1919, the Legion will soon begin celebrating its diamond jubilee 75th anniversary of service to America's veterans and their families.

Under the very able leadership of National Commander Roger Munson from Mentor, OH, the American Legion exemplifies community services. Few organizations touch the lives of so many Americans as does the Legion. Many Members of Congress are Legionnaires. Many Americans have been participants in Boys State or Girls State during their junior year in high school. Still others receive Americanism, Citizenship, Essay or Marksmanship medals from local Legion posts in recognition of their achievements.

Each year, the American Legion rewards hard work and dedication by awarding college scholarships to the winners of the National Oratorical Contest, the Legion Baseball Player of the Year, the Scout of the Year, and the Junior Shooting Sport Champion. Overall, the American Legion contributes nearly $35 million a year to children and youth activities.

Legionnaires, auxiliary members, and members of the Sons of Legionnaires volunteer for more than 1.5 million hours in Department of Veterans Affairs health care facilities and over 3 million hours in other community service activities.

During the Persian Gulf war, the American Legion established its family support network to assist the families of those veterans deployed to the Persian Gulf. The American Legion awarded over a half million dollars in grants to families facing financial problems as a result of the deployment. In addition, members of the American Legion Post in Dhahran, Saudi Arabia, hosted troops in their homes. Since the start of Desert Shield, over 150,000 troops benefitted from its Host a Soldier Program.

Unfortunately, this worthy organization has frequently fallen prey to profiteers who use the Legion emblems without permission to solicit contributions and to sell counterfeit products. These illegal products and practices have occasionally undermined the credibility of legal activities. Therefore, the protection of the Legion's emblems from unauthorized reproduction and use is now imperative.

Mr. President, I believe that this is important legislation and I appreciate the efforts of my colleagues in moving the bill forward. I recommend the bill and I ask the Senate to join me in voting for its passage.

Mr. DECONCINI. Mr. President, I want to commend Senator GLENN on his efforts in passing S. 409. As chairman of the Judiciary Subcommittee on Patents, Copyrights and Trademarks, I have closely watched the progression of this legislation over the last two Congresses.

S. 409 extends the design patents for the badge of the American Legion, the badge of the American Legion Women's Auxiliary, and the badge of Sons of the American Legion. I am pleased to see the passage of these design patent extensions since they were legislative measures that I pursued over the last few Congresses. S. 409 also will extend three patents for olestra, a zero-calorie fat replacement developed by Proctor & Gamble [P&G], until the end of 1997.

An cxtension for olestra was initially sought in the 102d Congress as S. 1506. S. 1506, as introduced, would have extended the term of four patents covering different aspects of olestra for 10-year periods that would begin after the Food and Drug Administration's [FDA] approval of olestra as a food additive.

Normally, I am reluctant to support commercial patent extensions such as those requested by P&G. Our constitutionally mandated patent system provides for a patent life of 17 years. Undoubtedly, a regulatory review period can diminish the life of a commercial patent. However, in 1984 we passed important legislation that provided a uniform patent extensions for regulatory delay. Because of that act, there is little reason to provide additional patent extensions for individual patent owners. Indeed, I believe that someone seeking a patent extension has a strong presumption to overcome in seeking a patent extension. With regards to P&G's patent extension request, we were presented with some exceptional circumstances.

The scrutiny applied to the patent extension request for olestra has been long and arduous, spanning the course of two Congresses. On August 1, 1991, the Subcommittee on Patents, Copyrights and Trademarks held a hearing on patent extensions for olestra and other patent extensions.

Following that hearing, as well as an October hearing on the companion measure in the House, Chairman HUGHES and I requested the General Accounting Office [GAO] to conduct a review of the regulatory process that allegedly delayed FDA approval for the patents covered in S. 1506.

The GAO conducted a 4-month investigation. As part of the investigation, which included extensive discovery, the GAO reviewed a large volume of FDA and company records and conducted comprehensive interviews with FDA and company officials. Their final report was presented to both the Senate and House subcommittees.

Twenty-two years have elapsed since P&G obtained its first patent on olestra. The GAO concluded that many factors have contributed to the extended period of time it is taking to obtain FDA approval for olestra. In part, the delay is caused by a lack of a clear approval process for such substances. Olestra is a unique product in that it could eventually replace as much as 10 percent or more of the human diet, as opposed to the usual 1 percent that similar products replace. Accordingly, the FDA has approached this unprecedented food additive with caution. Thus, P&G has been required to invent new protocols to test olestra's safety for human consumption since olestra does not fit the existing regulatory mold.

The Judiciary Subcommittee on Patents, Copyrights and Trademarks held a markup on May 21, 1992. I offered a substitute amendment to S. 1506 that would extend the three unexpired olestra patents until December 31, 1997, but would provide no extension to the patent that expired in 1988. Following debate, the amendment was accepted by voice vote. The subcommittee then favorably reported S. 1506 by a vote of 5 to 2.

On August 12, 1992, the Judiciary Committee then considered S. 1506 at an executive business meeting. Senator KENNEDY offered an amendment, which was accepted, requiring P&G to conduct postmarketing surveillance of the health effects of the dietary usage of olestra.

S. 1506 passed the Senate by voice vote on October 8, 1992. H.R. 5475, containing the olestra provisions, passed the House on August 4, 1992. As a result of delays in the final hours of the 102d Congress, the House adjourned before the differences in these two bills could be reconciled.

S. 409 grants the same relief as the substitute version of S. 1506. The extension olestra receives under this bill has been greatly reduced from the 10 years

after FDA approval originally requested to a justifiable 3½ years. Indeed, after this substitute was passed by the Judiciary Committee, P&G's competitors no longer opposed this legislation.

P&G has expended an extraordinary amount of time and money developing and testing olestra for commercial use. Yet, to this day, they have not received any return on their enormous investment. By granting P&G this extension, we are providing that company fair relief for patents that were entirely spent in regulatory review.

ORDERS FOR THURSDAY, JULY 15, 1993

Mr. GLENN. Mr. President, on behalf of the majority leader, I ask unanimous consent that when the Senate completes its business today, it stands in recess until 9 a.m., Thursday, July 15; that following the prayer, the Journal of proceedings be deemed approved to date; that the time for the two leaders be reserved for their use later in the day; that there then be a period for morning business, not to extend beyond 11 a.m., with Senators permitted to speak therein for up to 5 minutes each; with the following Senators recognized for the time limits specified: Senator DASCHLE or his designee for up to 45 minutes; Senators WALLOP and GORTON for up to 10 minutes each; Senator BIDEN for up to 20 minutes and Senator KERREY for up to 20 minutes; that at 11 a.m., the Senate then resume consideration of S. 185, the Hatch Act Reform Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL TOMORROW AT 9 A.M.

Mr. GLENN. Mr. President, if there is no further business to come before the Senate today, I now ask unanimous consent that the Senate stand in recess as previously ordered.

There being no objection, the Senate, at 7:29 p.m., recessed until tomorrow, Thursday, July 15, 1993, at 9 a.m.